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13 AUGUST 1986

West Europe Report

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FRG PRESIDENT, TURKISH MINISTER ON EEC RELATIONS

Istanbul CUMHURIYET in Turkish 31 May 86 p 16

[Excerpts] FRG President Richard von Weizsaecker, who held a briefing session exclusively for German journalists at the Istanbul War College where he was staying, said with regard to his impressions on his visit to Turkey: "Turkey is about to make a mistake with regard to the EEC."

Stating that "the Turks' approach to the EEC issue is to take the second step before they take the first," Weizsaecker said: "If Turkey submits its application for membership in a haste and the application is turned down, there would be a major crisis between Europe and Turkey."

While the visiting president proposed that Turkey maintain its current status for a while longer, Minister of State Mesut Yilmaz who responded to the German journalists' questions about midnight yesterday said: "If Turkey has a military place in Europe, it also has an economic place."

Weizsaecker said the following with regard to Turkey-EEC relations:

"Turkey is about to make a mistake. We are saying: Do not do it, it will have bad results. The Turks' approach is to take the second step before they take the first. We are saying: Maintain your current status in the EEC, improve your domestic situation and your economy before you become a full member and, in the meantime, develop your relations with the EEC so that when you apply for full membership it is unlikely that the application will be turned down. Now if an application is submitted in a haste and the application is turned down, there would be a major crisis between Europe and Turkey."

Yilmaz' Press Conference

Minister of State Mesut Yilmaz met with the same group of journalists in the Sheraton Hotel at around midnight yesterday after the German president's briefing. Yilmaz began his talk with Turkish-EEC relations. In his talk, made in German, Yilmaz said:

"Full membership in the EEC is Turkey's most important and indispensible objective. All parties in Turkey, except fundamentalist and extremist groups, are in agreement over this issue. Opposing full membership for Turkey would only benefit divisive anti-Turkish elements outside Turkey and extremist fundamelist groups. They want Turkey to break away from Europe. We will soon begin a campaign to muster support for full Turkish membership in the EEC in FRG, Britain, France and Italy."

In response to a question on when this is going to happen, Yilmaz said: "In the early 1990's." When asked whether it is likely that an application for full membership will be filed this year, Yilmaz replied: "Nothing is impossible. But first we will ask all 12 members of the EEC, and we will submit our application if we get positive answers. One of our most important struggles in Europe is to fight the image of a veiled fascist government in Turkey. We cannot promote ourselves adequately because we have a serious media coverage shortage in Turkey. For this reason, I would like to emphasize at the special request of the FRG Foreign Minister that we will soon bring the working conditions of foreign journalists who want to come to Turkey up to the same level as those in Europe. We will end the requirement for permission to photograph in Turkey for foreign TV crews. For us, this is a difficult decision."

Noting that German tourists who come to Turkey have observed that Turks in Turkey are not as religious and nationalist as those in the FRG, Yilmaz said:

"What is important for us is whether Turkey has a place in Europe. If it has a military place, then it has a political and economic place. And that means full membership in the EEC. We no longer want to be told that we are Europeans militarily and that we are protecting Europe while we are excluded economically and politically. For that reason we will apply for full membership in the EEC as soon as possible. In addition, do not worry that there will be a Turkish flood into Germany. For Turks working abroad is like a second military service. They go and they come back. In the FRG, things developed differently, but that will not be repeated again. If you help our development and you do not exclude us, this problem will solve itself."

9588
CSO: 3554/103

FRG URGED TO EASE TRAVEL, STAY REQUIREMENTS FOR TURKS

Istanbul MILLIYET in Turkish 31 May 86 p 9

["Political Pot" column by Orsan Oymen: "Human Rights and Cevdet's Right"]

[Text] FRG President Richard von Weizsaecker left Turkey with positive impressions as the first Western head of state who visited this country officially since 12 September [1980].

As he was leaving, he evoked memories of a meaningful milestone in Turkish-German friendship.

The ceremony held at the Istanbul University yesterday commemorated the bridge of freedom extended by Ataturk's Turkey to German scholars during the Hitler period when human rights were trodden upon.

In 1933, the rulers of Germany did not allow their own citizens, much less foreigners, to live in their country because their thoughts, religious beliefs or the shape of their skulls were considered unacceptable. Ataturk's Turkey opened the classrooms of Turkish universities to a group of valuable scholars who were condemned to be exterminated in concentration camps.

Thus the first political refugees came from Germany to Turkey. In the half-century that has elapsed much water has flown under the bridge of friendship.

This time, economic refugees began to flow from Turkey to Germany. After the importation of labor was officially ended, the door that was opened in the beginning of 1980 was closed with the padlock of "visas." The reason given for this "visa" system--which is not compatible with either Council of Europe agreements or with "traditional friendship" ties--has a political label, but it is linked to the abnormal numbers of mainly economic "refugees."

It is true that in the first few months of 1980, more than 50,000 Turkish citizens tried this path. But statistics for the 5 years that have elapsed show that this reason has completely disappeared. However, even though the cause has disappeared, the "visa" stays with all its permanence. We hope that the senior guests who came from Germany saw the condition of the visa office in Ankara.

Turks in Germany know that President Weizsaecker is a Turkish friend and remember how he fought against anti-foreignerism when he was the Mayor of West Berlin.

Consequently, there was a no resentment at the press conference he held before leaving Turkey when he said about Turks overseas:

"Our goal is to live together with the Turks. Our objective is to allow both sides to live together without losing their identity and character."

Unfortunately, it is quite hard to find this good will of the President in the practicing cadres of the local executive organs.

Besides the obstacles encountered in implementation of the visa system, the different ways of implementing laws and regulations in different foreign police departments assume proportions that sometimes resemble the practices of 1933. Here is the latest example reported in the German press while Weizsaecker was in Turkey.

Two-three lines from the letter written by 16-year-old Cevdet in Istanbul to his father in the FRG, Ahmet Gencer:

"My dear father, I am very desperate. After staying in prison in Istanbul for two days, I explained the situation to the doctors for a report. The doctors told me: 'A state which does not believe in the passport, identity card and diploma of the Turkish republic would not believe in our report at all.' You find a way, or I will commit suicide here."

Cevdet, 16, is the son of Ahmet Gencer who has worked in the FRG for the last 13 years. He went to elementary school in the FRG and returned to his village in Turkey for a while. Later, he was reunited with his family in the FRG. When he became 16 he was required to get a permit from the Aliens Police. His father filed the necessary application. The Aliens Police looked at Cevdet's picture and said: "This boy's age appears to be more than 16." They accepted neither the boy's passport nor his identity card nor his school records as proof of his age. The police took Cevdet from his school and subjected him to a bone examination at a hospital. When the doctor's report concluded that "he is older than 16," he was deported from the country--without even being allowed to see his family. He was first sent to prison and then flown out of the country.

Yes, Mr Weizsaecker says:

"Our goal is to live together with the Turks..."

And young Cevdet's goal is to live with his father and mother. The times when a person's way of living was determined by measuring his skull or bones are long gone, but unfortunately thick heads are still encountered.

9588
CSO: 3554/103

PAPER VIEWS CENTER PARTY CONGRESS, VAYRYNEN CANDIDACY

Helsinki HUFVUDSTADSBLADET in Swedish 17 Jun 86 p 2

[Editorial by Bjorn Mansson: "Wants to Be There as Early as '88"]

[Text] Most of what happened at the Center Party congress can be related to the presidential election in 1988, states Bjorn Mansson in a review of the outcome.

With a slight distortion of Runeberg's "Sven Dufva," one could say--without making any other comparisons--that Paavo Vayrynen "wants to be there as early as '88, and won't be old by then."

More precisely, at the time of the presidential election Vayrynen will be 41. Many will think that is far too young an age, but the fact is that the second president of the republic, Lauri Kristian Relander--a party comrade of Vayrynen's, by the way--was only 3 months older when he was elected! Hence, this is Paavo Vayrynen's last chance to become the nation's youngest head of state ever.

The parallels with the simple-minded, although good-hearted, Sven Dufva now become considerably skewed. But as late as a few years ago there was perhaps some reason to say about Vayrynen as well: "Was pious, happy and always willing, far more than many a wise man. And could be made to do all, but did all backwards."

The adventure of the daily expense allowance and the well-known cottage in Kemi county, Vayrynen-related expressions, such as "having slept on the matter overnight," and the rumor of being a ruthless power politician and career man are not so easily forgotten. Vayrynen is still no mass media favorite--which is so clearly evident from the unnecessarily ironic style in which for instance the country's largest newspaper and Finnish television news reported from the Center congress in Lappeenranta last weekend.

Those who believe in Paavo Vayrynen, on the other hand, hope that he, in order once more to quote Runeberg, "has shaped up and learn to drill..."

It cannot be helped that most of what took place at this year's Center Party congress can be related to the presidential election in 1988. The fact that the congress was turned into the political prelude not only to the parliamentary elections next spring but also to the presidential election a year later is natural, however, since the next congress will not be held until the summer of 1988.

The expectations of the Center people before the two elections seem to be extremely high. The nomination of the presidential candidate became a tribute to Paavo Vayrynen and a powerful manifestation of willpower. Vayrynen is apparently perceived as a new Kekkonen, and he himself made no secret of who his political master is. In the program declaration for 1988 which at this stage is very meager, Vayrynen made a vow regarding foreign policy in the name of Kekkonen--n.b. not in the name of Paasikivi or Kekkonen. And he quoted Urho Kekkonen after the latter had been nominated presidential candidate in 1949--without regard for the fact that the 1950 election later turned out to have been only a dress rehearsal for Kekkonen before the 1956 battle.

Now, Vayrynen determinedly rejects all talk about a dress rehearsal (Kekkonen certainly did so in 1950 as well), and maintains that the election will be genuine and that he himself has chances to win. Vayrynen is seting his hopes partly to the political center field--in an extremely broad sense, as it is turning out--, partly to the entire non-socialist, bourgeois camp.

As for the other middle parties, Vayrynen has publicly and openly admitted his tactic that these parties, with the aid of their own presidential candidates, should capture as many electors as possible. Vayrynen then seems to assume that in the decisive round they will back the Center Party candidate, that is to say himself.

Similarly, it seems to be assumed that when it comes down to the wire the Coalition Party will also prefer a non-socialist candidate (read: Vayrynen) over a leftist man (read: Koivisto).

However, this strategy is founded on some preconditions which may not necessarily be fulfilled. First, the model is founded on the thought that no candidate alone will achieve a majority in the first round of the election (the direct popular election or, if the election reform does not go through, the first electoral round), and that the election is thus decided by the assembled electors. In this context it should be remembered that the Social Democratic-dominated election coalition for Mauno Koivisto the last time received as many as 43 percent of the votes and that no popularity poll since then has given him a support of less than 50 percent.

Second, the model presumes that the electors of the other middle parties will more or less completely rally around Vyrynen. This is by no means a foregone conclusion, above all against the background of Swedish People's Party chairman Taxell's fresh remarks. And, third, the support of the conservatives is needed, which in turn should presume in practice that Vayrynen will beat the Kokoomus candidate--presumably Harri Holkeri (who most recently beat out Center candidate Virolainen) in the popular election.

It is not at all impossible that this will happen, in view of how quiet it has been around Holkeri in recent years, but it is far from certain.

In order to improve the starting position for 1988 the Center Party already in the parliamentary election wants to rally the now divided political center and distance itself from the Social Democrats as the largest bloc. This in itself is a praiseworthy, not to say desirable, goal. The question is, however, what political price is one willing to pay for this mathematical result? As long as it involves the three parties in the traditional center coalition--the Center and the two People's parties--all is well and good.

But critical voices have also, even within the Center, been raised against the attempts at an ideological dilution of the centrist concept in favor of a purely power-political constellation. There have already been overtures to the Christians--and there was a positive reply--and now both party secretary Kaariainen and Vayrynen himself have started to approach the Greens and even the Rural Party. Of course there are some ideological goals in common with the Greens, but so far it has been impossible to nail down their political profile. And the Rural Party is a "middle party" mostly in the sense that it is neither to the right nor to the left. Is that enough? Shouldn't a small amount of for example liberalism be presumed as well?

It is obvious that Paavo Vayrynen's thoughts about the government base are intended to reinforce his own positions before 1988. He argued in favor of "a new popular front under center leadership," consisting of the parties which do well in the election. If these, as Vayrynen believes, will be the Social Democrats, the Center Party and Kokoomus, it is clear that such a government base would correspond with the wishes of most of the popular opinion.

It is another matter that so far the Social Democratic Party, at least, is rejecting cooperation with the right. Then there will not be a "new popular front" (a strange concept in the context, by the way), but in practice the choice will be between a continuation of the reddish crowd and a non-socialist government base. If the Social Democrats accept Vayrynen as prime minister--which Sorsa has indicated--it appears likely that the Center Party would prefer the reddish crowd. This is indicated by what is known about rank and file opinion within the party, regardless of the fact that the Social Democrats are now trying to maintain that the Center Party has veered right.

Finally, Paavo Vayrynen's critical evaluations about Prime Minister Sorsa's foreign policy positions recently must also be interpreted as an element in a beginning presidential election campaign. Here, Vayrynen apparently wants to appear as the supporter of a traditional Finnish neutrality policy, against Sorsa's ideas of innovations and activity.

If the election in the winter of 1988 goes as Vayrynen now plans, the Center Party will have to choose a new party leader as early as the following summer.

Already, party secretary Seppo Kaariainen seems to be responsible for many of the policy outlines.

Kaariainen is not likely to have any competition from the three deputy party leaders, even if the vice chairman election in Lappeenranta confirmed that there has been a change of generation in the Center Party. Sixty-year-old Ahti Pekkala and Marjatta Vaananen were replaced by 46-year-old Juha Pentikainen and just 33-year-old Hannele Pokka, while 37-year-old Martti Pura was reelected. Vayrynen himself is 39, Kaariainen 38 and group chairman Kauko Juhantalo 44. All the party's ministers except Veikko Pihlajamaki are of the same age. The party has thus been completely taken over by the generation of 30- and 40-year-olds, who are now trying to get their own representative elected to the nation's highest office.

If this does not succeed in 1988, chances are even greater 6 years later. Someone like Kalevi Sorsa, for example, will then have to go directly to the opening performance, without having had the advantage of a dress rehearsal.

As far as the Center Party is concerned, it has now convincingly demonstrated that it has overcome the dishonor it experienced when it lost its position as presidential party in 1981. It is now firmly resolved to regain it.

11949
CSO: 3650/249

CONSERVATIVE PAPER ON COLLAPSE OF NONSOCIALIST COOPERATION

Oslo AFTENPOSTEN in Norwegian 12 Jun 86 p 2

[Editorial: "The Supporting Parties"]

[Text] With their proposal to increase the deduction for the national insurance plan, the Christian People's and the Center Parties have cut a hole in five years of nonsocialist tax policy and in the reliability of continued nonsocialist cooperation. The effect of the proposal--in which the Labor Party has willingly joined--is that the tax burden will increase and that the Harlem Brundtland government will remain in power.

Attempts at maintaining that this is nothing but a routine increase in tax revenue are useless and should be halted. The deduction for the national insurance plan is a tax, that is to say, money which is taken from the individual and redistributed by the public sector. It is meaningless for the center parties to maintain that taxes are standing still when people notice that the tax burden is increasing.

But higher taxation of income breaks decisively with a main point in the policy which was pursued by the Willoch government and in which the center parties joined, at their own request, beginning in 1983. That the economic situation has now become more difficult (after the fall in oil prices) is naturally no argument for raising taxes either. However, the fall in income is an argument for spending less money. Meanwhile, to bring public expenditures down, the Christian People's and Center Parties seem to be as disinclined--or as ready--as the Labor Party. That is why these parties want to increase the deduction for the national insurance plan, to finance overspending which can no longer be covered up. They are doing so with a form of tax increase which affects everyone and affects them directly.

It was assumed by some that the Labor Party government could only survive so long as it approached Parliament with caution, that is to say, did not put forward proposals which struck at basic points of the nonsocialist policy which had been pursued up til the change of government. Others, such as AFTENPOSTEN, have been troubled by the roads the center parties would pretend to take when they were no longer bound by the responsibility of nonsocialist government. Unfortunately our anxiety has grown faster than we feared. The center parties appear to be behaving as they now are because they lack a strong willigness for the responsibility of government and because they really do put a higher priority on higher taxes than on necessary cuts. When they are out of the government they feel free to give in to such impulses.

For those who are working for greater support for the Conservative Party, this will undoubtedly be the stuff of which progress is made. The Conservative Party must perforce become stronger when nonsocialist voters have no other place to turn. But for nonsocialist cooperation, and for strength in nonsocialist policy, this is a hard step backwards.

12789/12951
CSO: 3639/125

HOLST, STRAY DIFFER ON NEED FOR RESULTS OF NATO 'FOOTNOTE'

Oslo AFTENPOSTEN in Norwegian 14 Jun 86 p 3

[Interview of Defense Minister Johan Jorgen Holst and former Foreign Minister Svenn Stray by Lars Hellber: "Footnote Last Resort, Holst Affirms--NATO Unity Put to Test"; first paragraph is introduction]

[Text] NATO unity is of decisive significance, not the least for Norway. Defense Minister Johan Jorgen Holst agrees with former Foreign Minister Svenn Stray that everything must be done so as to appear united and avoid footnotes and reservations. But this is also all they agree about. "The Norwegian footnote in Brussels weakened the alliance, was unnecessary and must remain a one-time only phenomenon," Stray says.

Holst continues to maintain that at the last defense ministers' meeting he had to express reservations concerning the United States' position on strategic defense initiative (SDI) negotiations. AFTENPOSTEN brought them together to spar about the danger of splitting the alliance by emphasizing special positions.

Labor Party's Responsibility

Stray has no doubt that the Labor Party, by its drifting [away from its former position] must bear the responsibility for shattering the broad consensus on security policy. The Willoch government took even further the line which had been put together as a result of broad agreement by earlier governments. The break resulted when the Labor Party, which when it was in government took an active part in putting together NATO's 1979 two-part decision about positioning mid-range missiles in Europe, was not willing to be around to follow it up, Stray says.

[Question] Then you would not be willing to state that Holst's footnote was a necessary part of trying to tidy up the mess you and your colleagues left behind?

[Answer] "I disagree completely over this. Besides, the footnote was totally unnecessary and it weakens the alliance's negotiating position and Norway's influence within NATO's organs. The Norwegian worry about an arms race in space as a result of the United States' strategic defense initiative (SDI) was well known to our allies," says Strays.

Holst, who played a significant part in putting NATO's two-part decision together, and is responsible for Norway's first and (so far) only footnote, opts for another way of looking at the matter.

New Assumptions

[Answer] "First let me say that the two-part decision about negotiations preceding the eventual positioning of new Western missiles was a correct and necessary one--even if it was difficult. But the assumptions changed in midstream. A new administration in the United States refused to ratify the SALT 2 agreement. In the meantime there was great fear about the missing balance between the negotiations and the positioning parts of the two-part decision. The lack of consultations at important points alongs the way also played a part."

"As far as our reservation concerning the communique from the defense ministers' meeting is concerned, it was necessary. I did not go to Brussels wanting to formulate a footnote, but it proved to be impossible to change one iota in the draft of the communique regarding space arms so we could not give our endorsement," Holst says. "We presented a number of suggestions for wordings and we tried to get an explanatory interpretation included. This did not work, so we had to resort to a reservation."

[Question] Then you are clearly not afraid of what will happen to NATO unity and thereby to our common defense capabilities if it becomes the rule that the meetings end in footnotes and reservations from one or more of the member countries?

[Answer] "We have to be able to see this in a broader perspective. SDI is one of many defense programs. The alliance stands united on the majority of the programs. It is necessary and important for the alliance to show unity, but it is also in everyone's interest to see to it that we have the broadest possible political support in the member countries."

[Question] Do you doubt that Moscow will interpret the footnote as a confirmation that the alliance is split and as an encouragement to raise harder counterdemands at the ongoing arms control and disarmament talks?

[Answer] "I think that exaggerates Norwegian influence. It is not news to the Soviet Union that there are divided opinions within NATO and that Norway does not support SDI."

No Doubt

[Answer] Stray: "There can be no doubt that Soviet interests will be served if Norway's behavior at the last defense ministers' meeting should become standard operating procedure. It is a way of working which must clearly produce regrettable consequences for the talks. Holst's footnote contributed towards creating an impression of a fragile alliance.

"Moreover SDI as an arms system was not a part of the communique. The defense ministers were content to express their support of the American negotiating position in Geneva. Within the alliance we are facing a break with well established ways of working. We cannot pound and pound away to achieve communiques which cover our own positions 100 percent. If all the member countries behaved this way the alliance would break up."

Last Resort

[Answer] Holst: "I agree. But neither can we sign communique which stand in direct opposition to what we stand for. We had to express a reservation against general support of the American position on space weapons. This is what the matter was about. The footnote was the last resort in a situation in which the Americans did not want to approve wordings on which the NATO foreign ministers were in agreement, for example in their communique from last December."

[Question] Doesn't it say something about the new Norwegian government's lack of reliability that this approach did not succeed?

[Answer] "There is no basis for forming a conclusion of that sort," says Holst. "We are, however, dealing with a form of inertia, an unwillingness to change wordings. We hope and believe that we can achieve unifying formulations at the next juncture. This time we had no other choice."

Tried

For his part, Stray has quite a different view:

[Answer:] "They've tried to defend the footnote by saying they preferred one text to another. The foreign ministers' meeting, in which I participated, chose wordings which were a bit different from those of the defense ministers, but I cannot see that one is essentially different from another."

"They're being perhaps a bit too worried about new wordings. But the context is that such changes are usually given the wrong interpretation in the East. This too is a point which the present Norwegian government must weigh as it considers its own behavior," Stray says.

[Question] Are you satisfied with the influence the past government, as compared to the new government, had with out closest allies?

Unity

[Answer] "In general terms, for a small country it is a matter of strengthening unity within the alliance. Reliability is necessary in order to be able to exercise influence. However, if you act in such a way that your partners get the impression that it is more important for you to guard yourself in domestic politics than it is to forge a common line within the alliance, then you throw your influence out the window," Stray says.

[Answer] Holst: "I would suggest that it was not just a question of liking or disliking the communiques' language. An important matter was at stake:

the position on space weapons. Let me also emphasize that I find that NATO is weakened if the defense and foreign ministers say different things about negotiations with the Soviet Union. The defense ministers ought to line up behind their foreign ministers. NATO will also be weakened if the member countries are dragged in as parties to the tug of war in Washington. And here is my last point:

As far as we have been concerned, there has never been any wish to use NATO meetings to make points back home and we have naturally not done so. Moreover it is important for us to act as the representatives of what we understand to be the majority view in Norway where space weapons are concerned. The communique was a general support of the United States' positions, which, among other things, include an unwillingness to make SDI an item for negotiation," Holst says. But Stray protest energetically:

Weakening

[Answer] "This rationale is different from the one you gave earlier. First it was said that Norway had to express its reservation because we are against space weapons. Now the reservation is being based on the fact that we disagree with the Americans' position on negotiations on space weapons, and so the fear that the alliance's negotiating position is being weakened becomes even more justified.

"As far as the talks in Geneva are concerned, Norway may have participated more actively than any other European NATO country in the preparatory discussions. The Willoch government advised the Americans to press on even further in this area than they had been prepared to heretofor. But the Norwegian labor movement's rule about open debate within and full unity without is the only way for the Western defense alliance to proceed," says Stray.

Common Goal

[Answer] "But," Holst interjects, "that was our goal. Our reservation applies to the entire position on space weapons." He rejects Stray's assertion that Norway chose to hammer away so it could achieve a communique that was entirely to its liking.

[Answer] "The whole thing was really about extremely fines shades of meaning, which could not form the basis of a footnote. Even Denmark, which for domestic political reasons has routinely made use of footnotes, saw no need to express a reservation. Norway's behavior is set in relief by the fact that Holst's Danish colleague felt compelled to accept a footnote for which he did not see any real basis.

Consistency

[Answer] Holst: "Denmark is still able to hold opinions of its own. There must be a certain consistency in what one says and what one believes. We can't protest to the entire world and then go along. But the Labor Party's course on security policy has not changed, and Norwegian footnotes will not become the rule. Our aim is to contribute towards making a policy which can unite the alliance's governments," Holst affirms. As he leaves, he hears Stray's parting comment that "no one will be happier than me if Holst's behavior in Brussels turns out to be a one-time only phenomenon."

12789/12951
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CHRISTIAN PARTY ADOPTING TOUGHER IDEOLOGY IN OPPOSITION

Oslo AFTENPOSTEN in Norwegian 16 Jun 86 p 5

[Article by Alf B. Godager: "Relationship Between Vision and Reality Being Debated Within Christian People's Party: Ideological Self-Scrutiny"; first paragraph is introduction]

[Text] An ideological self-scrutiny is currently underway within the Christian People's Party. Against a background of three years' participation in the government, a lost fight over abortion and declining support in the public opinion polls, the need to look more closely at the relationship between vision and reality seems urgent. Ideology and strategy were discussed at a closed party conference in Oslo held in connection with the central and national executive meetings of the past week.

The wisdom from three years' participation in the government appears clear within the Christian People's Party: the next time the party takes part in a nonsocialist cooperative government, the party will work even harder to point the government in a direction which the party understands to be the political center. In those cases where the Christian People's Party does not attain its goal, people will get a clear message as to what the party's primary positions are and the reasons for entering into a compromise. The acceptable compromise will need to satisfy two conditions: it is not to be in conflict with the party's principles and it will clearly move the matter at hand a step in the right direction.

Buried

The hope that participation in the government would almost automatically carry increased support with it was palpable within the Christian People's Party before the Willoch government was shifted around. After three years in the government without increased support, the hope now seems to be that cooperation will produce a gain, which was well on its way toward being buried for good. As to what support would have been if the Christian People's Party had not gone along, there are many conflicting opinions.

It is not difficult to detect irritation within the Christian People's Party over its relationship to the Conservative Party after the government crisis.

The Conservative Party is blamed for what is understood to be a larger degree of detachment. Within the Christian People's Party, many believe that the Conservative Party has opted for an irresponsible line by not advocating unpopular tax hikes. In influential circles within the party, no attempt is made to hide the fact that what is understood to be the Conservative Party's strategy is a debit against future cooperation.

Formidable

The Christian People's Party's requirement of itself is formidable: ideology will permeate all practical policy. Everyone realizes that compromises are necessary. This is all the truer in our political system in which the parliamentary form of government means that a political majority must always be created. No member of Parliament can abstain when a vote is to be taken. But compromises must in addition be constructive.

The Party Above

In some quarters in the Christian People's Party, the task of being the salt in politics is given much weight. And then you think of the terms of the Sermon on the Mount: "Ye are the salt of the earth: but if the salt have lost his savor, wherewith shall it be salted?" This biblical requirement of the Christian community means, in political terms, that the Christian People's Party should maintain the ideal claim of being a party above and outside political blocs, it is said. By extension of such a view, it follows that the party cannot participate in cooperative government either. Instead the party will count on the penetrating force of ideas.

This line was prevalent in the Christian People's Party before the first nonsocialist cooperative government under John Lyng's leadership. Today such a line is rejected as unrealistic. But in prominent quarters of the party there are also those who hold that the Christian People's Party may once again have to choose such a background role.

Away From the Conservative Party?

The consequence of the fact that Christian ideas such as brotherhood and economic justice will determine the Christian People's Party's practical policy must be that a more relaxed view will be taken of who the current cooperative partners are, socialist or nonsocialist parties, it is said. In the long term this means that it would not be out of the question for the Labor Party as well to be an interesting cooperative partner. But as matters currently stand, one thing is obvious: the Christian People's Party went into the election on continued nonsocialist government cooperation.

This, however, does not, it is emphasized, signify an automatic readoption of a three-party government. The dream of a so-called center alternative--the Christian People's Party and the Center Party--and the Liberal Party too as well--is still alive.

The Liberal Party

In the meantime, the Liberal Party's misfortune scares many away from taking such a view into account. People wonder whether now, when all is said and done, it is possible to break free of the Conservative Party if that should become desirable. Will the Christian People's Party's voters understand and agree to a move to the side?

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CITIZENSHIP COMMISSION RESULTS DISPUTED BY CEUTA

Madrid EL PAIS in Spanish 13 Jun 86 p 16

[Article by Carlos Yarnoz]

[Text] Madrid--The representatives of Melilla Muslims think that it will be "very difficult" for them to continue negotiations on their community's problems with the Spanish Government because, according to leader Aomar Mohamedi Dudu, they feel that the government "has failed to comply with the Madrid agreements" signed in February, especially with regard to the granting of citizenship. According to Dudu, of the 4,400 requests for Spanish citizenship filed since February by Melilla Muslims, only 1 has been given a response, and that was negative.

Mohamedi Dudu and representatives of the Ceuta Muslims held two working meetings yesterday with a Spanish Government commission chaired by the undersecretary of the Interior Ministry, Rafael Vera. At the close of the morning meeting, Vera described as "positive" the progress made so far. Dudu, however, asserted that the Muslim community "is worse off than before the Madrid agreements."

At noon, before the second negotiating session, the Interior Ministry released a communique asserting that since the start of the year citizenship has been granted to 265 Muslims from Ceuta and Melilla and adding that the joint Spanish Government-Muslim commission had expressed its "satisfaction" with the streamlining of procedures for securing citizenship.

Mohamedi Dudu also reported before the afternoon meeting, however, that since last February Muslims have submitted more than 4,400 requests for citizenship (close to 800 requests had been filed before February) and that another 5,000 are being filled out. Dudu said that the Spanish Government has responded to only one of the requests filed since February, rejecting it, and he said that he has heard nothing about the rest.

Request Denied

The rejected request was submitted by 42-year old Mohamed Mohamed Mimon, who is married to Spanish citizen Mimona Abdelah Mohatar and has four Spanish children who were born in Melilla. Two of his brothers are also Spanish citizens. He filed his request on 27 April, and the reply is dated 30 May.

Aomar says that without the Madrid agreements and under the Civil Code alone (which grants Spanish citizenship to aliens married to Spaniards 1 year after the marriage), Mohamed is entitled to Spanish citizenship because "he meets all the requirements."

"We are not looking for charity or gifts, just what our land entitles us to," said the Melilla Muslim leader, adding: "Of course we refuse to be regarded as foreigners; that is nonnegotiable." In this connection he noted that the Aliens Law published yesterday in the OFFICIAL STATE GAZETTE once again regards Melilla Muslims as aliens by mentioning them among the foreigners who can most readily obtain work permits.

Elections in Mosques

Separately, Melilla leaders handed the defender of the people and representatives of the Justice Ministry and the General Council of the Judiciary a petition with 5,600 signatures that asserts that the complaints filed by Muslims with the Melilla police station or court "are either rejected outright or systematically pigeonholed under a wide variety of pretexts, generally because they are political complaints." The petition adds that when the complaints are filed against Muslims, "they are processed and investigated with the utmost care and speed; in most cases measures are taken against the accused without any evidence whatsoever."

The petition indicates that "given the untenable situation caused by the actions cited in the complaints," the Muslim community of Melilla asks the General Council of the Judiciary to order an fact-finding investigation.

Official sources reported yesterday that the Council of Ministers would today approve a decree ordering a census of Muslims residing in Melilla. A census figures in one of the agreements signed last February by the Spanish Government-Muslim commission and, according to Aomar, should have already been conducted.

There are currently some 27,000 Muslims in the city of around 75,000 inhabitants, and only 7,000 or so are Spanish citizens. Aomar Mohamedi Dudu, who was expelled from the PSOE last year and a few months ago formed the Party of Melilla Democrats (PDM), which is not running in the legislative elections, commented that over the next few days parallel elections would be conducted in the four mosques in the north African enclave.

The PDM has asked all enfranchised Muslims not to vote in the legislative elections. Its argument, as can be seen on posters all over the city, is that "all of the parties are alike" when it comes to defending the rights of the Muslims living in Melilla, most of whom were born there.

Aomar Mohamedi Dudu asserted yesterday that "there is, in effect, a separate government in Melilla." He explained that the city's official bodies, especially its city hall, often ignore the recommendations of the government and take unfettered action against the Muslim community.

An "Extremely Grave" Situation

The Muslim leader described the current situation in Melilla as "extremely grave" and did not rule out the possibility that pressure would soon be exerted on the Spanish Government. "We have to do something, but this time for our very survival," he indicated.

Separately, the representatives of the Muslim community in Ceuta merely remarked that the efforts under way to obtain Spanish citizenship for Muslims residing there "are on the right road."

The Melilla representatives had described yesterday's meeting as "historic," inasmuch as in their opinion its outcome would determine whether the channels of communication would remain open or whether the Muslim community would resort to different pressure tactics.

As this edition went to press, the afternoon negotiating session, which began at 1730 hours, was still going on.

8743
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MELILLA MUSLIMS PRESS DISCRIMINATION CHARGES

Madrid EL PAIS in Spanish 14 Jun 86 p 17

[Article by Carlos Yarnoz]

[Text] Melilla--The General Council of the Judiciary yesterday decided to open an investigation, which comes on top of another that the government recently began, into alleged irregularities at the Melilla Civil Court [Juzgado de Instruccion]. According to the leaders of the Muslim community, the complaints filed by Muslims are not processed properly "for political reasons," whereas complaints against Muslims are dealt with promptly. Signatures have recently been gathered in the north African city both supporting and opposing the judge there, Jose Maria Trevino, one of whose daughters is married to the local president of Popular Alliance, Luis Fernandez Munoz.

The opening of the investigation was reported on Thursday in Madrid to the Muslim leaders on the commission negotiating a solution to the problems of the Muslim community. The Justice Ministry is represented on the commission.

The Muslim leader of Melilla, Aomar Mohamedi Dudu, who will be arriving today in the city, will explain the new promises that the Spanish Government has made. Although they have not been made public, they include the imminent replacement of many police personnel (the Muslims complain of mistreatment and even torture at the police station), a larger staff at the court to streamline processing of citizenship requests, and even the likely replacement of the government's delegates in Ceuta and Melilla.

Yesterday in Madrid Aomar Mohamedi Dudu handed the General Council of the Judiciary a petition signed by 5,600 members of his community denouncing alleged discrimination.

The petition states that "the complaints that Muslims file with sufficient evidence from witnesses are either rejected outright in court or at the police station or are systematically pigeonholed under a wide variety of pretexts, generally because they are political complaints."

Denial by Judge

Judge Jose Maria Trevino has denied that Muslims are thus discriminated against. He has also issued a press release expressing thanks for the "show of support" represented by the gathering of signatures in his favor but asking for an end to the campaign ("I am not interested in it for many reasons," he notes). In addition he has asked all of the Muslim communities to seek "to reestablish the peaceful coexistence that is currently damaged."

The first person to sign the show of support for the judge and the organizer of the campaign is Juan Diez de la Cortina, a leader of the ultraconservative party APROME [Pro-Melilla Association].

One of the pieces of evidence that the Muslim community has brought up to support its charges is a complaint filed in court last 26 May by Abderraman Mohamed Hamed against the mayor of the city, Socialist Gonzalo Hernandez. He accused him of coercion and threats and of addressing him and other Muslims by the derogatory term "Moors" [moros].

Jose Maria Trevino responded 2 days later in a ruling in which he said that he could find no evidence of a crime "but rather just potential political and administrative issues that fall outside the competence of this court." In the same ruling he therefore ordered the case dismissed.

Separately, the Melilla City Hall has decided to file a complaint against the people who have affixed hundreds of yellow posters around the city, claiming that they are "an affront to Melilla's Spanish nature."

The posters show a photograph of Hassan II of Morocco, and the text begins with the following lines: "Our sovereignty is one and indivisible: God, country and king; Melilla is Morocco; for the unity of Morocco." The text esserts that the government controls neither the city hall nor the ministerial offices in the city and includes the phrases "no to a colonialist court, no to colonial judges," concluding with "long live Morocco."

The complaint filed by the city hall also applies to the people who have disseminated other posters on the same sort of yellow paper, which say: "Here all of the parties are alike. Do not vote."

The first set of posters is unsigned, but the second bears the name of the Party of Melilla Democrats, which is headed by Aomar Mohamedi Dudu, who has already announced that over the next few days the Muslim community will hold parallel elections in Melilla mosques.

Another yellow and black poster seen around the city shows photographs of Socialist Senator Julio Bassets, the mayor and the labor delegate, Jose Miguel Torres, with the following caption: "Do you know these men? Anti-Arab radicals. There are few of them, but they harm many."

The Muslim community has scheduled an assembly for tomorrow, Sunday, to analyze the results of the negotiations conducted in Madrid the day before yesterday.

8743
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PAPER CRITICIZES REPLACING ENVOY TO MOSCOW TORSTEN ORN

Stockholm SVENSKA DAGBLADET 6 Jun 86 p 2

[Editorial: "Foreign Ministry Mismanagement"]

[Text] Anders Thunborg was a highly competent United Nations ambassador and will represent Sweden well in whatever top diplomatic position he assumes. Nevertheless, it is difficult to believe that the appointment of Thunborg as ambassador to Moscow is totally positive.

After all, Torsten Orn, a prominent Swedish diplomat, has represented Sweden in the Soviet capital for just under 3 years. It is difficult to find a rational reason for the early transfer of Orn.

When Thunborg's name came up as a possible ambassador to Washington, objections of a different type were made. Through his long years of service, Swedish Ambassador Wilhelm Wachtmeister had created a special position for himself in Washington. Plans to replace him with Thunborg were shelved last spring when Wachtmeister became doyen, i.e. dean of the local diplomatic corps. As such, he has unique contacts with the highest American leadership.

Anders Thunborg is not only a skilled diplomat, but he was also an extremely capable defense minister. Such people do not grow on trees--at least not within the present generation of Social Democratic politicians. If Thunborg were to assume this position once again, it would give the cabinet some reliable and much-needed reinforcing.

It is mismanagement of Swedish security-policy compentence to let Anders Thunborg replace Torsten Orn in Moscow at a time when the real need for Thunborg's services is in the vicinity of Arvfurstens Palace. The Defense Ministry is also located at Gustav Adolf's Square in Stockholm.

9336
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U.S. ROLE IN TURKISH-GREEK RELATIONS EXAMINED

Istanbul GUNAYDIN in Turkish 1 Jun 86 p 9

[Article by former Ambassador Nuri Eren: "Turkey Is to Blame for America's Capitulation to Greek Blackmail"]

[Text] Turkish-American relations have become extremely tense. The two countries have had many stormy days in the last 20 years, but this time the storm is about to turn into a hurricane. Because this time the dispute affects fundamental geostrategic concepts. The dispute may force Turkey to reevaluate its ties with the United States and even NATO. In this article, we analyze this dispute objectively and examine the scope of a prospective reevaluation.

Relations Between the United States and Its Partners

America's relations with its partners have never been easy.

1) As in its domestic affairs, the United States places major importance on moral values in its foreign relations. Respect for human rights, and compliance with international law and discipline are fundamental principles of U.S. foreign policy stemming from the conscience of the American people. Consequently, among the great powers the United States is the least harmful whether it is a friend or an enemy. These principles sometimes force the United States into actions which hurt its national interests. The policy that has evolved with respect to South Africa at the urging of public opinion is an example of that. But the United States may also disappoint its friends which think that these foreign policy ideals are an immutable expression of the United States' good will and tolerance.

2) The second difficulty in relations with the United States stems from the fact that instinctive concepts and approaches do not exist in American foreign policy. America's foreign policy was dominated with the concept of isolation from its birth as a nation until World War II. When it was forced into the world stage in the aftermath of World War II, the United States became a master wrestler who did not know any of the rules of freestyle wrestling. When it found out that fundamental principles that dominate its national affairs are not applicable in world politics it was forced to resort to ad hoc policies. The result was that it was often dragged into mutually harmful conflicts especially with allies with which it shares genuine interests. On

many occasions the United States made geostrategic mistakes because it acted against historic geopolitical imperatives out of expediency. Today, it is about to enter an impasse in its relations with Turkey.

Turkey's Mistake

It would be unfair to blame all the mistakes in the current dispute on the United States. The United States has failed to evaluate the historic imperatives of the Turkish-Greek dispute, and it has come to support Greece on Turkey's most sensitive geostrategic issue. But Turkey also played a major role in this mistake, because it did not realize that America's genuine good will is in practice driven always by a deep pragmatism.

Whatever diplomatic or military solution is eventually found for the Limnos issue, one reality has emerged: The United States has given preference to the Greek factor in the defense of the Mediterranean. The term "second line of defense" means that the Turkish Straits will be abandoned [in the event of war]. Building a defense complex on the Aegean islands by treading upon Turkey's historic and strategic interests means that Turkey's geostrategic importance has been superseded by that of Greece. To compare this situation with Europe, this act is equivalent to the United States building a Maginot Line in France and abandoning its defense posture in the FRG.

Price of Disinterest

There is no point in going into the reasons and whys of this situation. But both the United States and we must be blamed. For years, we remained uninterested in America's concerns over Greece and the Aegean. We remained weak by tying our defense capability to U.S. support. Moreover, we overlooked the pragmatic aspect of the American character. In the course of its history, the United States has made it a tradition to come to a compromise for its practical interests in impasses which contravene its principles in domestic and national affairs. Roosevelt abandoned Central Europe to Russian domination as a conscientious concession which had a similar moral scope. Capitulation to pressure has taken root as an instinct in American foreign policy. This is where [Greek Prime Minister Andreas] Papandreou's evaluation of the United States has proven to be superior. He increased his bargaining power over the United States by threatening and pressuring the Americans from the day he took office, he made the United States push for excessive demands which Turkey would never accept, and the United States gave in to Greek pressure when Turkey resisted. This is how the Limnos affair--which envisages to end Turkey's geostrategic preeminence for the United States--was created.

The conclusion that emerges from all this is that Turkey failed to make acceptable arrangements with its allies for the defense of the Straits, created conditions for the contemplation of alternative measures to prevent the Soviets from moving into the Mediterranean and made it possible for Greece to exploit this situation by blackmailing the United States because it did not make the necessary effort and place the necessary emphasis to modernize its weapons in the last 20 years and because it did not take the necessary international initiatives.

In the light of the facts that were brought about by the Limnos crisis and the Rogers affair, Turkey is now obliged to reevaluate its relations with both NATO and the United States and to undertake new arrangements.

What Must Turkey Do?

1) NATO is no longer the treaty organization of the 1950's. At that time a weak Europe joined hands against a powerful and militant Soviet Union. Today, Europe believes that its relations with the Soviet Union are stable. It considers itself as a balancing factor or a buffer in the conflict between the United States and the Soviet Union. Europe's whole objective is to preserve this buffer status. The concern over the dispute between Greece and Turkey is that this buffer may leak on its southeastern front. Greece's goal is to take on its share of preventing such a leakage by establishing a dominance in the Aegean such that Turkey is excluded despite geographical, historical and contractual realities, and it has taken steps in this direction. Turkey must explain to its NATO partners that this is impossible. Thessaloniki is only a day away from the Bulgarian border. The Germans successfully tested this: They captured the islands the United States calls "second line of defense" by jumping from one island to the other without even a navy. The Aegean can be closed off against a military force from the north only through Turkish-Greek cooperation. Today, the safety of the Aegean is guaranteed by Turkey. Greece is open to Bulgarian occupation, but it is known by experience that even the Soviet Union would not want to violate Turkey's territory in the even of war. Even Germany did not risk to go through Turkey during World War II and instead paid the price of entering Russia through the Caucasus and besieging the British from Egypt. Thus the defense of Greece from the north is related to Turkey's safety. It is our duty to explain this to NATO and ask them for our fair share.

Call on Turkey

2) We must also teach the United States that if it alienates Turkey because of its plan to form a second line of defense in the Aegean together with Greece it will be left all alone in the anarchy that will ensue after the Iran-Iraq war. Until now Turkey has remained passive in the face of situations developing to its disadvantage because of its disposition for nonintervention. The Limnos affair and the situation created by General Rogers are forcing Turkey to show its weight. Even if it is not properly armed, Turkey carries a bigger weight than Greece with its geography and its national unity and integrity. Whether we get our fair share for that depends on our own initiatives.

9588
CSO: 3554/101

VIOLATIONS OF SEPARATION OF STATE, RELIGION SEEN

Assembly Dinners Considered Unconstitutional

Istanbul CUMHURIYET in Turkish 31 May 86 p 2

["Window" column by Ilhan Selcuk: "Islam and Show"]

[Text] While reading our colleague Canan Gedik's "Assembly Notes" column in the 29 May 1986 edition of CUMHURIYET, I underlined the following lines:

"Another notable event at the Turkish Grand National Assembly [TGNA] the other night was fast-breaking sundown and midnight dinners with prayers. TGNA President Necmettin Karaduman realized a dream--the dream of having collective fast-breaking dinners at the TGNA--which [former National Salvation Party leader Necmettin] Erbakan would once give his entire possessions to realize.

"The TGNA restaurant was prepared for the dinners in the morning. Special sound systems were installed in the restaurant to enable the deputies to hear readings from the Kuran and prayers broadcast on the radio, meals were cooked and the tables were decorated with flowers. A similar dinner was repeated after 2:30 am in the morning. This time Motherland Party Secretary General Mustafa Tasar gave a midnight fast-breaking dinner. For Tasar's dinner, special pastry, cookies and cheese were brought in from Gaziantep. Prime Minister Ozal--who attended this midnight dinner and who was delighted about his swift and easy success that night in ending the state monopoly on tobacco by the use of questionable tactics--also experienced the happiness of having realized his dream of having fast-breaking dinner in the Assembly."

29 May 1986.

An historic day.

While national interests were trodden upon, the "national" monopoly established by Ataturk was eliminated and Turkey was opened to foreign monopolies, fast-breaking sundown and midnight dinners were given in the TGNA.

While the religious wave rose, nationalism was covered with a veil.

There have been so many TGNA presidents in the past. We have no evidence that any of the deputies who served as TGNA president were not spiritually wholesome. Since "both worship and sin is private" in Islam, we cannot decide which TGNA president was a better believer, but we can mention a few names which are liked by "conservative and rightist" circles. Is it possible that Kazim Karabekir, Refik Koraltan and Ferruh Bozbeyli were lesser Muslims than Mr Necmettin Karaduman? In other words, were there not any Muslims among those who served as TGNA presidents during the republican period?

Why has Mr Karaduman felt the need to install a special sound system in the TGNA restaurant and to give fast-breaking dinners with prayers? Does not a person who serves as the Assembly president of a republican state--whose constitution stipulates the principle of secularism--know that he is committing treason against the Constitution? Is he not aware that he is violating the oath he took at the podium of the Assembly?

There must be a reason for everything an Assembly president does and every step he takes.

What is the reason for this act?

If Mr Karaduman cannot explain the reason for this act, it will become evident that he is either unknowledgeable or that he is one of the enemies of Ataturk's principles.

It cannot be said that everyone who looks religious is religious. The religion of Islam has no room for showing off. The faith of the believer is in his soul. Faith is exploited wherever religion is used as a tool in politics. The Grand Mufti of Istanbul, Durrizade as-Said, achieved the most extreme level of this exploitation during the National War of Independence.

Durrizade wrote a circular at the time declaring that those who kill the nationalists fighting against imperialism would go to heaven and those who die while doing this would become martyrs. This circular was opposed by another turban-wearer, the Mufti of Ankara Rifat Efendi--a true Muslim--who declared that those who fight against the enemy occupying the country would be proclaimed champions of Islam if they survived and martyrs if they died.

Now I wonder.

I would like to pay my respects to those who fast and pray without making Islam a tool of politics. Did not any one these persons oppose the law which opened the national monopoly on tobacco to the foreigners?

Ozal's Motives Questioned

Istanbul HURRIYET in Turkish 31 May 86 p 3

["Article of the Day" column by Oktay Eksi: "Another Step"]

[Text] The TGNA passed a bill which was of interest to everyone with some relation to humanity. The bill introduced into our daily lives a fund for the poor and the needy separately from all the other "funds."

Before I go on, let me state that the Prime Minister is a truly skillful politician. He knows very well how to proceed softly toward his goals. While doing that, he utilizes values shared by all of humanity. He appears as if he is only trying to glorify those values.

He undoubtedly wants to glorify them, but if our personal evaluation is not wrong, by introducing a new innocent-looking addition every day, he is weaving the cocoon of a model of state he has in his head. More explicitly, he is steadily nudging Turkey away from the principles of "secular republicanism."

The opposition parties, on the other hand, are simply watching this play that is being staged before their eyes.

As we stated above the basic idea behind the "fund for the poor and the needy" is naturally good. The poor, the needy, those who want to study but cannot afford it and those who look for work from door to door leaning on a small crutch need a helping hand. Moreover, doing that is a major responsibility of a state whose constitution states that it is a "social" state.

But the model Mr Ozal has chosen to carry out this responsibility is one that is compatible with a state built on "religious" principles rather than the "secular state" of our times.

As a result, the introduction of the bill that established the "fund for the poor and the needy" explains the need for having such a law on religious grounds--perhaps for the first time since the adoption of secularism. The law's stipulation that the local mufti may be included in the "trustee committees" to be established to determine the assistance to be given to the poor and the needy may, at first glance, look an innocent provision. But if the "separation of religion from the affairs of the state" is the fundamental principle of secularism, the function of the mufti on such a committee is impossible to explain in the light of this principle.

Just as the inclusion of a representative of the Religious Affairs Chairmanship in the committee relevant to the "Vice Law" is contrary to the secularism.

As is known, when the "Vice Law" was criticized for this reason, the Prime Minister said that he "thought that the previous law also provided for a representative of the Religious Affairs Chairmanship." As far as we know, he said at the time that he would amend the law so as to exclude the Religious Affairs representative from the said committee. Now he has done exactly the opposite: he has included the muftis in all provinces and counties in an institution established for the purpose of "social assistance."

As we said, the Prime Minister uses values shared by all humanity very skillfully. In this case, too, he has hidden behind "religion," one of humanity's most sacred values. In view of the respect accorded to men of religion, he assumed that no one would oppose the inclusion of men of religion in these committees and that he would take another step toward his goal.

However, he is forgetting that he is not only violating the ban on "making religion a tool of politics" but that he is also playing with a very dangerous weapon.

9588
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UNION OF CHAMBERS CONVENTION ELECTS COUNCILS

Istanbul MILLIYET in Turkish 1 Jun 86 p 4

[Text] Ankara--At the general convention of the Turkish Union of Chambers [TUC] which ended yesterday, large chambers, such as those from Ankara, Istanbul and Izmir, dominated the leadership of TUC as intended by the government's recent changes in the law. Thus, the government team won the the first round of the battle between the Motherland Party [MP] and the Correct Way Party [CWP] in the union.

The most hotly contested election was that of the Commerce Chambers Council. In this election, the ticket headed by Nuh Kuscu and Dundar Soyer won by defeating the CWP ticket with five votes.

In the Industry Chambers Council elections, [former Prime Minister Suleyman] Demirel's candidate Feridun Alpat won a seat in the council in the last minute with 36 votes defeating Nuri Erikoglu by 8 votes.

The candidates elected to the councils are:

Commerce Chambers Council: Dundar Soyer, Nuh Kusculu, Gungor Yener, Cahit Aydogan, Ahmet Karakus, Turgut Tokus, Cemal Ulusoy, Basri Oztekin, Cengiz Solakoglu, Tekin Cullu, Mizyal Akimsar, Rustu Okan, Cahit Isik, Omer Kerman, Mustafa Nevzat Ozhamurkar, Haci Ali Capci, Mustafa Capra, Nuri Ulas, Yilmaz Atabarut, Hamdi Edip Ugur, Osman Seref Eris, Cumhur Sevinc Ozer, Huseyin Ruhi Gokoglu, Ali Kayalioglu, Saim Gursoy, Guner Buldanli, Riza Aytekin Tanol, Ihsan Kahvecioglu, Tamer Kirprik, Bayram Atcioglu.

Industry Chambers Council: Feridun Alpat, Yalcin Bahcivan, Refik Baydur, Ihsan Balioglu, Omer Bese, Ibrahim Bodur, Ali Coskun, Kenan Cetinel, Raif Dinckok, Orhan Demirtas, Mesut Erez, Mumin Erkunt, Sinasi Ertan, Muharrem Eskiyapan, Ersin Faralyali, Nurullah Gezgin, Cengiz Hakan, Mehmet Karatas, Abdurrahman Nantu, Hizbullah Ocak, Nezih Okus, Savas Ozaydemir, Cevdet Ozbalcik, Ali Riza Ozderici, Cezmi Oztemir, Mustafa Piyale, Husnu Polat, Idris Yamanturk, Rona Yircali, Yavuz Zeytinoglu.

Commerce and Industry Chambers Council: Ali Osman Sonmez, Sehabettin Bilgisu, Mehmet Batalli, Ali Osman Ulusoy, Mehmet Cebi, Sevket Demirel, Bulent Halefoglu, Osman Berberoglu, Ibrahim Serez, Mehmet Cop, Yusuf Ozer, Mehmet Binbay, Hasan Bayraktar, Ozcan Eroglu, Ilhan Uysal, Felat Cemiloglu, Tevfik

Solak Subasi, Naci Kologlu, Ilhan Celener, Sefik Yilmaz, Sakip Sar, Recep Demirkol, Ahmet Fat, Ismail Demirkol, Yilmaz Temizkan, Orhan Buyukalp, Rustu Gunes, Sahin Saygi, Hasan Filibeli, Cemal Cengiz.

Trade Exchanges Council: Nejat Basmaci, Cevat Bingoler, Mehmetcik Paykoc, Salim Mercimek, Mustafa Atasagun, Riza Aydin, Nihat Egilmez, Mustafa Sahinersen Atilgan, Kemal Koman, Haluk Tanik, Dursun Er, Selim Ogutur, Feyzullah Sarisoy, Ersat Fehami Kuzeyman, Fadil Bagana, Izzettin Azizoglu, Ilhami Gonen, Omer Yilmaz, Sami Kula, Necati Kaya, Mehmet Velioglu, Ziya Akbulak, Ramazan Kocatas, Cemal Miloglu, Osman Ozyurt, Nedim Karahalil, Suleyman Sirri Yalcinkaya, Veli Akincioglu.

Marine Commerce Chambers Council: Ziya Kalkavan, Fuat Miras, Cengiz Kaptanoglu.

The council members will meet on Tuesday to elect council chairmen and deputy council chairmen.

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CSO: 3554/100

GATHERING IN EDIRNE PROTESTS 'BULGARIAN OPPRESSION'

Istanbul TERCUMAN in Turkish 1 Jun 86 pp 1,14

[Report by Kamuran Abacioglu and Sadettin Erkisi]

[Text] Edirne--The frontier city of Edirne lived another one of its historic days yesterday. Thousands of citizens who gathered in Edirne from all corners of the country at the urging of TERCUMAN, cursed Bulgarian oppression "under the nose of Bulgaria." A large number of our citizens, including members of the government party, the opposition parties and parliamentary deputies, who gathered in the historic frontier city cursed Bulgarian oppression once again with coherent voices and in a spirit of unity. Thousands of people who had gathered in Edirne on the holy day of Ramadan voiced the feelings of all Turks around the world when they cried with their fasting mouths: "The Muslim Turk cannot be turned into a Bulgarian." They prayed to God in the Selimiye Mosque, the magnificent work of Architect Sinan, for the liberation of our kinsmen who are suffering under Bulgarian oppression.

The historic gathering in Edirne began with a march which started from Pazaryeri at 1:00 pm. The citizens, who carried placards cursing Bulgarian oppression and who sang military songs, marched to the accompaniment of the municipal band until the Balkan War Martyrs Memorial which commemorates the gendarmes who were martyred during the Balkan War of 1913. Wreaths were laid at the memorial and a moment of tribute was observed. Later, the national anthem was sung. Participants in the march included Motherland Party [MP] deputies Ismail Igdul, Ercument Konukman, Ismail Dayi, Metin Gurdere, Atilla Sin, Engin Cansizoglu, Ahmet Dogrul, Ebubekir Akay, Kadir Derin, Nihat Harmanci, Hakki Artukaslan and Hayrettin Elmas; Edirne Mayor Ibrahim Ay; and Nationalist Work Party leader Ali Koc and his deputies. Also participating in the historic gathering were members of the Intellectuals' Hearth; the School of Divinity; the Kubbealti Association: the Istanbul, Corlu, Gebze, Bursa, Eskisehir, Silivri, Yalova, Mersin, Adana and Kahramanmaras branches of the Balkan Turks Cultural and Solidarity Association; the Association of Eastern Turkestanis; the Association of Western Thracian Turks; the Association of Iraqi Turks; the Federation of Turkish Immigrant and Refugee Associations; and the Federation of Turkish and Islamic Cultural Association of Belgium as well as thousands of private citizens. Mehmet Cavus, President of the Balkan Turks Cultural and Solidarity Association, and MP deputies Ismail Igdul, Ercument Konukman and Hakki Artukaslan delivered speeches at the gathering. Ercument Konukman said in his speech:

"We will pursue this national cause persistenly until a just solution is found. As the Turkish nation and as Turkish parliamentarians we are shouting at the entire world with our strong and masculine voice. We will not abandon our kinsmen who are suffering under Bulgarian oppression and who are deprived of all types of social and civil rights."

Noting that the Bulgarians lived under Ottoman rule for 500 years, Ismail Igdul said: "I address myself to the cruel Bulgarians: The Turkish nation and Islam are everlasting; the salvation of our kinsmen is imminent."

The President of the Balkan Turks Cultural and Solidarity Association, Mehmet Cavus, gave examples of the oppression and torture our kinsmen are being subjected to in Bulgaria and thanked TERCUMAN and our correspondent Ergun Goze who helped in the organization of the gathering. After the march, the participants in the "historic gathering" said afternoon prayers in the Selimiye Mosque and offered special "absentee funeral prayers" for the martyrs. After the fast-breaking dinner, the Mufti of Edirne, Ibrahim Kocarli, delivered a sermon. The faithful listened to the sermon with pious reverence. The Deputy Religious Affairs Chairman, Hamdi Mert, performed the night service. Later, the participants prayed for our kinsmen in Bulgaria.

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COLUMNIST EXPECTS INONU TO HAVE 'TOUGH JOB' AS SDPP LEADER

Istanbul HURRIYET in Turkish 1 Jun 86 p 3

["Article of the Day" column by Oktay Eksi: "Inonu Has a Tough Job to Do"]

[Text] All indications are that Erdal Inonu, the new leader of the Social Democratic Populist Party [SDPP], will have a tough time doing his job. Because it is Mr Inonu's responsibility to solve the problems left behind by the 2nd Special Congress, which met on both 30 and 31 May, as well as those that existed before the congress.

Ironically, the 2nd Special Congress was convened not to create problems, but to solve problems. Thus, the issue of resolving the leadership problem was settled easily thanks to the prudent stance of Mr Aydin Guven Gurkan and Mr Inonu. But the mistakes made during the election of members to the Central Decision and Administrative Council, whose membership was reduced from 80 to 33, led to new debates within the party. Whether these debates will turn into "problems" hinges on Mr Inonu's skills.

Mr Inonu will have to face not only the problems related to the "elections" but also the questions aroused in the public's mind by the "jeering" on the first day of the congress.

The truth is that the jeering of Western ambassadors and diplomats invited to the congress by the party in contrast to the applauses given to diplomats from the socialist bloc hurt SDPP's reputation in all circles except among those who organized this conspiracy. Moreover, a major portion of the public sympathetic to SDPP began to ask: "Could this party be taken over by cadres who applaud Cuba, the Soviet Union and Afghanistan and who--more correctly--admire the regimes in those countries?"

In fact, it had been obvious for months that such a problem would one day arise in SDPP. Because it was evident that all kinds of creatures would enter the party when SDPP leader Aydin Guven Gurkan--who stepped down as leader at this congress--began their campaign by saying: "The first indispensible step needed to enable SDPP to progress on the path of social democracy is to establish a broad base of support. This step has to be taken. Party leaders at the province and county level who fail on this issue will be dismissed. Anyone who is not consciously recruiting members, who is not encouraging registration of members in the party and who is indifferent to membership recruitment cannot keep his job for very long." (CUMHURIYET, 13 January 1986)

Besides, the stance or, more correctly, the incompetence of the congress' chairmanship council in the face of this ugly incident is an indication of how easily SDPP may stumble into a trap.

This situation of a party which is a "candidate to become government" is a serious issue which concerns all of us.

Therefore, one of Mr Inonu's first tasks must be to turn SDPP from a forum where "all species of the left roam freely" to a party of cadres who believe in the party's program.

In addition, Mr Inonu must find an answer to a persistent question in the public's mind.

As is known, the public wants an answer to the question "How will you solve our problems specifically when you come to power?" with concrete plans and not with generalities. The toughness of the problems Mr Inonu will face can be understood better when one realizes that the public is no longer satisfied with terms of dubious seriousness like Mr Gurkan's "democratization catalog" or "seeking answers to problems by forming about 50 commissions."

After all, is not Mr Inonu where he is today because he claims that can find answers to some tough problems?

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BRIEFS

CWP, CP TO MERGE--The merger between the Correct Way Party [CWP] and the Citizen's Party [CP] will take place tomorrow. At a 3-hour meeting yesterday CWP's Central Decision and Administrative Council discussed the petitions of Vural Arikan and his sister, Turkan Arikan, to join CWP. According to the information obtained none of the members of the council opposed the merger. It was learned that the Central Decision and Administrative Council of CP will meet today. If a similar decision is taken in the CP administrative council, the Arikans will join CWP at a ceremony tomorrow. Meanwhile, CWP's mini-congress will be held at the party's headquarters on 23 June. The latest political developments will be evaluated at the mini-congress. It was learned that former Prime Minister Suleyman Demirel has not been invited to the mini-congress, which will coincide with the third anniversary of the formation of CWP, and that he has only been invited to the reception to be held in the evening. [Istanbul MILLIYET in Turkish 6 Jun 86 p 8] 9588

ECEVIT STATEMENT ON TRIAL--Former Prime Minister Bulent Ecevit, who will have to stand trial on charges of violating Provisional Article 1 of the Political Parties Law as a result of his speech at the Founders' Council of the Democratic Left Party [DLP], said: "I will perform my duties to the public in the way that I know." In a statement with reference to the suit filed against him, Ecevit said: "I do not think that I can be convicted if the law works in accordance with legal principles." Ecevit's statement is as follows: "I would be saddened if others were hurt because of me. But the suit that has been filed against me will not hurt DLP which provided me with the opportunity to speak, and for that reason I am not sad or concerned. As for the harm that may come to me, that is inconsequential as far as I am concerned. When one does his duties, he has to be responsible for the consequences. I will continue performing my duties to the public in the way that I know without being affected by the suit that has been filed against me. Moreover, I do not think that I can be convicted if the law works in accordance with the principles of government of law. In addition, the suit filed against me will help the understanding of certain facts and will expose the contradictions between various provisions of the laws and between the laws and life. I would be happy if this contributes to the democratization process and helps to make our legal system more consistent." [Istanbul MILLIYET in Turkish 6 Jun 86 p 8] 9588

SELF-REGULATED MEDIA--At the meeting organized in Istanbul by representatives of the press and the media it was decided to form a "media council" by the end of July to help the "media to regulate itself." Work on the formation of a "media council" was begun in February and a proposal was prepared taking into account the criticisms leveled against the first draft. This proposal was discussed by 28 journalists interested in the issue at a gathering held in the Istanbul Divan Hotel on 2 May. An eight-member working group that was formed after that gathering expanded the proposal with the contribution various media organizations and presented it to the journalists who met on 4 June. The latest meeting on the formation of a media council was attended by Cuneyt Arcayurek (CUMHURIYET), Mehmet Ali Birand (MILLIYET), Ismail Cem (GUNES), Hasan Cemal (CUMHURIYET), Guneri Civaoglu (GUNES), Husamettin Celebi (Anatolia Agency), Cafer Demiral (Turkish Radio and TV Administration), Yalcin Dogan (CUMHURIYET), Behic Eksi (Anatolia Agency), Oktay Eksi (HURRIYET), Teoman Erel (MILLIYET), Yurdakul Fincanci (MILLIYET), Dogan Heper (MILLIYET), Gungor Mengi (YENI ASIR), Ugur Mumcu (CUMHURIYET), Zafer Mutlu (SABAH), Adil Ozkol (NOKTA), Ertugrul Ozkok (HURRIYET), Hasan Pulur (HURRIYET), Ismail Sivri (Izmir Journalists' Association), Ilhami Soysal (MILLIYET) and Abdullah Uraz (SON HAVADIS). The journalists attending the meeting expressed their views of what they understand by the institution of self-control of the media and determined that they are in agreement on the issue of not permitting the political regime or political considerations to interfere in the self-control of the media directly or indirectly. One of the journalists attending the meeting said that the media council which has been decided on will defend the freedom of the press and the people's right to know the news and will help to increase the respectability and the effectiveness of the press through gentlemen's agreements. He added that similar media councils exist in many countries with liberal democratic systems. [Istanbul MILLIYET in Turkish 6 Jun 86 p 14] 9588

CSO: 3554/405

BRIEFS

FINNISH-IRAQI TRADE DECREASE--The Finnish-Iraqi Economic Cooperation Commission meets on Monday and Tuesday in Helsinki. During this twelfth meeting the Finnish commission will be headed by Foreign Trade Minister Jermu Laine (Social Democrat) and the Iraqi by Tariq Hamad Al-Abdullah, who is minister for light industry. Today, the trade between Finland and Iraq is only one-sixth of what it was in 1980. The major reason for this is that the oil export has dried up. From 1981 the balance has thus been positive for Finland, but Finland's export to Iraq has also declined. Last year exports to Iraq were worth 265 million marks, while imports remained at 142,000 marks. Iraq's share of the Finnish trade was 0.2 percent last year. As for Finnish exports to Asian countries, Iraq ends up sixth. Since the oil export ceased, Iraqi trade with Finland has become insignificant and includes licorice extract, dates and carpets. Half of Finland's export to Iraq consists of sawmill products and more than one-fourth of machines and installations. It is reported at the Foreign Ministry that as a result of problems with the balance of payments Iraq recently postponed a number of payments and projects, which in turn makes it difficult to expand the Finnish export. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 15 Jun 86 p 17] 11949

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YOUTH 'NEO-POVERTY' EXCEPTION TO ECONOMIC PROSPERITY

Stockholm SVENSKA DAGBLADET in Swedish 6 Jun 86 p 6

[Article by Anders Jonsson]

[Text] "The politicians must change their way of thinking. Older people cannot continue to be sacred cows, when it is the young people who have problems."

This dramatic description of the situation was given by Bjorn Gustafsson, doctor of economics at Goteborg University on Thursday when he and Brita Schwartz, head of research at the Goteborg School of Economics, presented two reports on the increased number of welfare recipients.

The conclusions of Gustafsson and Schwartz are in close agreement with the conclusions now being drawn by a group at the Social Welfare Ministry that is analyzing trends in social welfare, as previously reported by SVENSKA DAGBLADET. This is not unusual, since both researchers turned over their material to the Social Welfare Ministry.

Mostly Singles

The latest studies show that the increase in the number of welfare recipients during the 1980's results from the fact that more youth and single people, with or without children, are receiving social assistance.

On the other hand, the reports, which are based on statistics up to and including 1983, contain nothing indicating that the number of families with full-time incomes or with longer part-time incomes has increased among welfare recipients, as is generally claimed in the debate over neo-poverty.

There is also nothing to indicate that the increase in the number of welfare recipients is due to more generous regulations, although an increase could have occurred in 1985 because the Social Welfare Board issued recommendations for more generous standards.

Bjorn Gustafsson believes there may be something to the idea that Sweden is developing a new "lumpenproletariat" of younger people who have never entered the job market and, consequently, are being marginalized.

Young Women

One new feature is that young women are now found in the statistics. Single women without children who live in and around the big cities and are under 35 years old comprise the fastest-growing group of welfare recipients.

"We have built up a social policy that is based on security for the elderly. The fact that problems arise early in life seems never to have occurred to the politicians," Bjorn Gustafsson said.

At the same time that it has become more or less accepted that young people will move away from home and take care of themselves, the labor market has developed in such a way that it is difficult for many young people to get a job when they come of age.

"This is something contradictory that has not yet been comprehended by those who shape our welfare policy. As a result, they must begin to reexamine their position."

The reports by Gustafsson and Schwartz also point out that families receiving welfare payments have about the same disposable income as other families, after they receive these payments.

Bad Way

According to the reports this means that a change in the tax system is a bad way to reduce the number of welfare recipients.

"This would mean eliminating taxes for a large number of people or introducing a monthly assessment," Bjorn Gustafsson said.

The studies by Brita Schwartz also show that 60 percent of the welfare recipients pay more in taxes each year than they receive in social subsidies. In general, welfare subsidies comprise a small share of the year's disposable income for most welfare families.

According to Brita Schwartz, subsidies that are worth discussing in the context of reducing the number of welfare recipients include the advance payment of child subsidies, job retraining allowances, unemployment insurance, and student loans.

Increasing Rapidly

Gustafsson and Schwartz have also attempted to predict the extent of welfare payments in 1985 and 1986. They have concluded that the number of recipients will not increase as rapidly as it did during the early 1980's, but we will have more recipients than in 1980 and 1981.

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CSO: 3650/245

UNION'S ECONOMIC REPORT PESSIMISTIC

Petroleum Workers Union Annual Economic Report

Istanbul CUMHURIYET in Turkish 5 May 86 p 11

[Text] The Petroleum Workers Union annual economic report has concluded that the problems that have surfaced particularly over the past 5 years were not resolved in 1985. The report, which studied in detail economic and workers' rights developments in Turkey,noted that actually in 1985 new problems were added to those already existing.

The Petroleum Workers Union report stressed that there had not been a single positive modification to laws curbing labor union activities and restricting freedoms. Indeed, in 1985 there had been new negative developments such as those prohibiting unionizing of contract personnel and private security guards. The report noted that in the face of price increases approaching 50 percent, there had been a serious drop in real income. In the presentation of the report to the executive committee, it was stressed that the process of solving these problems depended on the degree to which democracy and democratic rights are protected.

Summarizing, the report stated, "In reviewing the economic and social indicies for 1985, one cannot find anything positive whatsoever. While those who apply the tight money policy in order to curb inflation expect great self-denial and sacrifice from the workers, the ratio of money in circulation has grown 48 percent over that of last year. There is a contradiction between promise and reality."

"As the budget deficit widened in 1985, Turkey went further into foreign debt; the total for these external obligations reached 24 billion dollars (in 1986 dollars). Unemployment is continuing to develop as a problem even whose rate of increase cannot be cut."

The Petroleum Workers Union annual report also noted that the slide in per capita national income in 1985 continued the trend that has been going on for some years now.

The report stated that national income data is not sufficiently illustrative of the true plight of the workers and that a decision had been made that there not be an official investigation to address the question of distribution of wealth.

Per Capita National Income

Year	Population* (Thousands)	GNP Mil.TL	percapita TL	GNP US $
1975	40.078	535.771.0	13.368	934
1976	40.915	674.985.7	16.497	1040
1977	41.768	872.893.8	20.899	1172
1978	42.640	1.290.723.4	30.270	1258
1979	43.530	2.199.520.0	50.529	1346
1980	44.434	4.435.153.0	99.814	1313
1981	45.446	6.553.596.2	144.206	1306
1982	46.459	8.735.053.7	188.016	1168
1983	47.471	11.549.142.8	243.288	1086
1984	48.490	18.316.823.9	377.822	1036
1985	51.421**	27.344.863.6***	531.784	994

*After 1980, figures are projections

**According to census figures

***State Statistics Inst. 15 Aug 85 est.

Source: Petroleum Workers Union 85 report

The report's summary continued, "From the workers' point of view, when we compare the income we make to the inflation rate, we are talking about a regression of approximately one half in the income of workers, officials and agricultural producers during the Ozal era. In the last 2 years, this regression has averaged 33.8 percent--40.2 percent for workers' salaries, 37.9 percent for government workers and 24.6 percent for agricultural producers (in base prices).

This regression in workers' income by year averaged 6.4 percent in 1983, 18 percent in 1984 and 15.9 percent in 1985. The data demonstrate that income over the last 2 years has not grown as government circles have insisted; quite the contrary, it has been almost halved. According to available data, it can be said that as a group, we have been impoverished by 35 percent over the past 2 years.

No Increase in Real Wages Since 1963

Istanbul GUNAYDIN in Turkish 5 May 1986 p 5

[Text] In 1985, wages fell to the level where they had been in 1963 according to a report evaluated by the Petroleum Workers Union. The average wages of workers, government employees and agricultural producers, when compared with the inflation rate, fell behind by 15.9 percent. Efforts to support wages by such aid measures as tax refunds cannot prevent the fall in real income, the report contended.

This regression has reached 6 percent in the last two according to the report and it pointed to the fall over the past years from 14.75 percent to 7.47 percent in the worker's share of the value of production as another indicator of this development.

The Petroleum Workers Union annual report, which evaluated developments in 1985, went on to argue that per capita income was not 1000 dollars, but 975 dollars instead. It said that because the population figures used by the government in computing the per capita national income were below the figures compiled in the 1985 census, the per capita income was really below the 1000 dollars given and was actually 975 dollars.

Additionally, the report stated that the money supply had grown by 48 percent over the previous year and that foreign and domestic debt had swollen rapidly.

Thus, the report concluded, in recent years despite the numerical increase in wages, purchasing power has fallen and, as a result, a major segment of our population has become poorer in comparison with earlier years. The report cited as an example the fact that a wage earner's salary in 1963 had more purchasing power than it does today.

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UNION OF CHAMBERS URGED TO STAY OUT OF POLITICS

Istanbul MILLIYET in Turkish 31 May 86 p 10

["Thoughts of Thinkers" column by Turkish Industrialists' and Businessmen's Association President and industrialist Sakip Sabanci: "Politics Must not Be Allowed to Smear the Union of Chambers Directly or Indirectly"]

[Text] The General Assembly meeting of the Turkish Union of Chambers [TUC] is continuing in Ankara. TUC is an organization that brings together businessmen and industrialists from all corners of Turkey.

As its name implies, it is a "union."

Unity is a source of strength. Unity is essential for success. Unity means peace and a happy future.

The private sector believes in the free market economy. The free market economy is based on the principle of "competition." Competition in commerce and industry is essential for success.

Competition Must not Be Turned into Conflict of Interests

However, "competition" must never be turned into a "tainting and destructive conflict of interests." There are certain "minimum common denominators" which must be determined to enable small and large businessmen and industrialists to exist, to succeed, to contribute to the economy, to profit and to pay taxes.

These minimum common denominators gather the businessmen and industrialists "under the roof a union."

What are these minimum common denominators?

Businessmen and industrialists believe in the "free market economy." Free market economy is a system which allows individuals and firms to utilize their skills in the best interests of their country and economy.

A free market economy can exist only in countries where "property rights" and freedom of enterprise exist.

The basis of property rights and freedom of enterprise is the existence and functioning of a "liberal democratic parliamentary system."

Consequently, businessmen and industrialists see the defense of freedom, democracy and parliament as essential for their existence.

Principal Duty of Businessmen and Industrialists

The principal duty of the businessman and the industrialist is to produce and to distribute. As individuals and citizens, businessmen and industrialists may have different political beliefs; they may vote for different political parties.

But politics cannot be mixed with commerce and industry. The businessman and the industrialist can practice politics neither in his business nor under the roof of professional organizations.

That is why we are specially careful not to permit our union to be smeared by politics directly or indirectly.

If politics leaks into the union and begins to exert its influence there will be no union left. The priority of the minimum common denominators of businessmen and industrialists will be eliminated.

In liberal democratic parliamentary systems there is a time and a place to do everything. Those who want to practice politics may leave commerce and industry and may begin working in a political party. Just as a political party cannot practice commerce or industry, TUC cannot intervene in domestic politics.

So far TUC has generally been successful on this issue. Its success will no doubt continue in the future.

Responsibilities as Higher Organ

The noninvolvement of the union in politics is normal. But there are things which it should do and which are also normal.

The union has certain responsibilities as the highest representative organ of Turkish businessmen and industrialists.

These responsibilities consist of promoting laws and regulations which allow businessmen and industrialists to contribute more to the economy regardless of their size, and regional or sectoral background.

Since 1980, the Turkish economy has been experiencing rapidly changing conditions. Different individuals have naturally been affected differently by these changes.

Conclusion

The responsibility of TUC is to monitor developments in the country carefully, to determine the negative effects of conditional changes on businessmen and industrialists, to propose to the authorities the measures that may correct these adverse effects and to insure that those proposals are implemented.

This requires dedication, cadres and resources. If we keep in mind that TUC was established and continues to exist for this purpose, the effectiveness of the union can be felt more strongly in the future, and everyone can endorse the union more vigorously.

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CSO: 3554/99

ECONOMISTS CONCERNED OVER LOW TAX REVENUES

Istanbul HURRIYET in Turkish 1 Jun 86 p 4

[Text] It was stated that a "dangerous course" which is not echoed in economic and political debates is being overlooked because the public debate has not been able to rise above the "price of eggplant" or the "quality of watermelons" in the fast pace of daily life. Those who have been trying to see beyond the "present" and "a few years ahead" in the economy noted that this "dangerous course" is stemming from the difference between tax revenues and money collected for the extra-budgetary funds. Officials stated that the growing gap between tax revenues--which are stipulated by the budget, collected by laws and subject to control--and fund income--which cannot be controlled--as well as the Central Bank's domestic borrowing is on a course which may soon upset the balances of the economy.

Tax Revenues and Funds

According to the targets set by the 1986 budget, the government is expecting to raise a total of 5.7 trillion Turkish liras in taxes. According to the Industry and Trade Minister's statement at a meeting on the "Problems of Small Businessmen and Artisans," so far more than 1 trillion Turkish liras have been raised for three funds alone. The figures are: 400 billion Turkish liras for the Public Housing Fund, 350 billion Turkish liras for the Defense Industry Fund and 300 billion Turkish liras for the Public Partnership Fund. Also according to government officials' own statements, about 3 trillion Turkish liras have been raised for the existing 101 funds.

Domestic Borrowing at 2 Trillion Liras

Between 30 May 1985 and 29 May 1986, the Central Bank sold bonds and debentures totaling 1,911,100,000,000 Turkish liras in regular weekly auctions.

Payment of Foreign Debt

Stating that the Turkish currency equivalent of maturing principal and interest payments on foreign debts must also be added to the funds and the Central Bank's domestic borrowing, the officials said: "The foreign debt that has matured this year and for which payments are being made totals $3.6 billion which is equivalent to 2.5 trillion Turkish liras."

When the targeted tax revenues are compared to the sum of the funds's income, domestic borrowing and the Turkish currency equivalent of the foreign debt payments, the following picture emerges:

Expected tax revenue: 5.7 trillion Turkish liras;
Domestic borrowing: 2 trillion Turkish liras;
Funds: 3 trillion Turkish liras;
Turkish currency equivalent of foreign debt payments: 2.5 trillion Turkish liras.

Thus the expected tax revenues remain far below the sum of the funds, domestic borrowing and the Turkish currency equivalent of foreign debt payments.

What Does This Situation Signify?

Stating that the gap between the tax revenues and the total liabilities is an expression of the "dangerous course" in the economy, the officials said that this peril may bring with it four negative developments:

1. Budget Deadlock: Tax revenues cannot meet the planned budget expenditures resulting in increased domestic borrowing. In addition, the increased use of extra-budgetary--that is uncontrolled--funds means that the budget is deadlocked. This means that the revenue-expenditure balance in the budget has been completely upset.

2. Waste of Money: The fact that large amounts of revenues are being raised outside the budget means that the government is keeping two account books. One book contains the tax revenues whose expenditures can be controlled by the parliament and the appropriate agencies, while the second book contains revenues for funds whose purpose and expenditures cannot be controlled. Money which is not controlled is in fact money which has a high probability of being wasted, and waste of money is the biggest obstacle before our development.

3. Inflation Does not Decline: The inflation rate will not decline as long as there is a budget deficit and the government is forced to borrow domestically and to print unsupported money.

4. Bad Legacy for the Future: Such a picture makes this government a shirt of fire for future governments. If the current government is forced out of office during elections, those replacing it will have a hard time cleaning up this bad legacy.

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FOREIGN EXCHANGE SHORTAGE REPORTED IN BANKING SYSTEM

Istanbul DUNYA in Turkish 5 Jun 86 pp 1,9

[Text] [Introduction] New Measures by Banks

--Increase import commissions from 3 to 6 percent.

--Reduce export commissions to as low as 0.5 percent or even eliminate them.

--Make companies find their own foreign exchange for letter of credit transfers.

--Delay letter of credit transfers by 10 days to 1 month.

--Make companies open foreign exchange deposit accounts in banks prior to letter of credit transfers and issue letters of credit in the amounts deposited.

The banks have begun taking new measures in response to the severe foreign exchange shortage that has been felt in the banking system in the last 15 days. The banks have introduced new criteria in the selection of their customers.

The banks, which cannot meet the letter of credit requests of even their most preferred customers in less than 10 days, are now asking importers to open foreign exchange deposit accounts with their own resources in order to comply their letter of credit requests.

While large exporting and importing firms have begun expediting their letter of credit formalities by depositing their own foreign currency resources in the banks, small importers have completely halted their purchases for the moment. Some small firms which insist on importing goods from abroad are trying to meet their commitments by paying the banks' higher import loan commissions which were raised from 3 percent to 6 percent. However, even under these conditions, the banks are delaying the processing of letters of credit for small import firms by 1 month.

It is reported that the banks' policy of "bring your foreign exchange and we will open a letter of credit for you immediately" for all importers, large and small, will force the importers to procure foreign exchange from the open market after the holidays. The banks, which doubled import commissions to 6 percent, have reduced export commissions by half to 0.5 percent; some banks are even lending money for exports without any commissions. The rationale for this approach is that the banks are contemplating to use the foreign currency brought in by the exporters to relieve their own foreign exchange shortage.

While the banks make major efforts to "attract" export firms with large short-term consignments, the exporting firms have begun showing preference for banks which issue letters of credit for their imports expeditiously. A senior official of a large export-import firm whom we consulted said that because of delays in the processing of letters of credit all large export-import firms have begun working with several banks--instead of a single bank--for their export and import credit needs. The official said that, this way, a company can take its letter of credit and export credit business to the bank that has the best foreign currency position.

The most important cause of the reemergence of the foreign exchange shortage in the banking system is attributed to a 42-percent increase in the foreign trade deficit in the first 5 months of this year compared to the corresponding period of last year and the fact that the Central Bank has to make a $750 million principal and interest payment on its foreign debt in June. Another reason that is mentioned is that the banks made major import commitments on the expectation that overseas workers will return to Turkey for the holidays and a large amount of foreign exchange will be earned from tourism. Now the time has come to honor these commitments even though adequate amounts of foreign exchange were not earned from the expected sources.

Canevi: 'Real Cause of Shortage to be Known in September'

Central Bank President Yavuz Canevi indicated that his organization is working hard to determine why the trade deficit rose by as high as 42 percent and that the Undersecretariat of the Treasury and Foreign Trade is also studying increases and declines in each category of goods exported and imported and the causes of these changes.

Stating that there are two different views with regard to the causes of the increase in the foreign trade deficit and that one of these is the expansion of imports, Canevi said:

"If higher imports are the cause of the sharp rise in the trade deficit then there is nothing to fear. But [illegible] hat is not the case then steps must be taken to increase exports. Now we are waiting for the results of the work done by the Central Bank and the Undersecretariat for the Treasury and Foreign Trade."

Noting that this work will determine whether the foreign exchange shortage in the banking system is the result of the rising trade deficit, Canevi said that they will have to wait until September to see if there is a serious shortage.

Dogan Yalim: 'Shortage True for Certain Banks'

Hollantse Bank Deputy Director General Dogan Yalim said that a foreign exchange shortage exists for certain banks and that the shortage is largely not felt at the large public sector banks. He added that Turkey has not been able to establish a foreign exchange balance since the beginning of fluctuations in the price of oil.

Noting that oil price fluctuations had an adverse effect on Turkey's exports, Yalim said:

"One of the major causes of this severe shortage is the failure of the interbank money market to function. Those banks which have foreign exchange are asking a high price for it, and the banks which need foreign exchange cannot afford to buy it. It is clear that Turkey's exports have declined and its imports have increased. The government took some measures with its 14 March decisions. But I believe that new measures will be taken in this direction."

Measures Must be Taken Before Shortage Grows

Meanwhile, a senior official of a large bank said that the Central Bank's foreign debt payments and the banks' maturing commitments caused the reemergence of the foreign exchange shortage and added that the upset foreign trade balance is the best indication of this situation.

Noting that economic data for the last 2 months indicate no increases in foreign exchange revenues from worker remittances and tourism, the official stated that the government must take immediate steps to restrict imports.

Another senior bank official disclosed that the Central Bank's 1986 principal and interest payment liability on its foreign debt is around $3.4 billion and said that the Central Bank foresaw a foreign exchange shortage in these months and that the increase in the foreign trade deficit exacerbated the situation.

Noting that since the Central Bank predicted the shortage it may borrow more money from abroad, the official said that either foreign exchange expenditures must be reduced or foreign exchange revenues must be increased. Stating that a new devaluation to increase exports and foreign exchange revenues would be a very difficult choice, the official said that the government is most concerned about the domestic trade balance and consequently would not risk a new devaluation. Insisting that the only course open is to restrict imports, the official added that a new foreign exchange shortage could push up foreign currency prices on the free market in June.

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INTEREST-FREE BANKING EXPANDING

Istanbul DUNYA in Turkish 5 Jun 86 p 3

[Report by Emine Munyar]

[Text] Turkey is becoming increasingly attractive for the "special finance institutions" which operate on the basis of interest-free banking, also known as Islamic banking. It is reported that following the entry of Al Baraka Turk and Faisal Finance into the Turkish finance system 1 to 1 1/2 years ago, several capital groups from Islamic countries are preparing to form "special finance institutions" to enter Turkey. It is reported that concrete steps have been taken in this direction by groups from Egypt, Kuwait and Persian Gulf countries and that two or three applications are being reviewed for approval by the Undersecretariat of the Treasury and Foreign Trade and the Central Bank. It was learned that the processing of the application of the Egyptian special finance institution known as "Huda" has reached its final stages and that, however, no final decision has yet been taken with regard to the said applications. It is also alleged that Prime Minister Turgut Ozal's brother, Korkut Ozal, is a partner in one of these ventures, probably in the Egyptian one.

The success of Al Baraka Turk and Faisal Finance in terms of growth and profitability despite their brief history in Turkey and the fact that special finance institutions are accorded much more comfortable and flexible conditions than banks are the chief causes of attraction for Arab capital groups. It is reported that concrete initiatives have been launched in this direction by groups from Egypt, Kuwait and Persian Gulf countries, that these initiatives are being examined by the Undersecretariat of the Treasury and Foreign Trade and the Central Bank and that the Council of Ministers will make the final decision on this issue. According to information obtained from finance circles, a large Egyptian group known as "Huda" applied to the Undersecretariat of the Treasury and Foreign Trade some time ago to form a special finance institution. It is reported that the application of this Egyptian venture has the most advanced status among the ventures under study at the Treasury and the Central Bank and that the processing of the application is expected to be completed soon. It is alleged that Prime Minister Turgut Ozal's brother, Korkut Ozal, who played an influential role in the formation of Al Baraka Turk and who formed a partnership between Al Baraka Turk and the Hak Investment Corporation which he headed and partly owned at the time, is a partner in one of the ventures--probably the Egyptian group--that have applied to form special finance institutions in Turkey.

A Central Bank official said that the Council of Ministers will make the final decisions with regard to the applications that have been filed to form special finance institutions in Turkey and that no statements can be made before final decisions are made by the Council of Ministers. The official noted that any disclosures made prior to the decisions taken with regard to the applications may lead to certain speculations.

Stating that Ankara is carefully examining the new applications for special finance organizations, officials in finance circles said: "Although special finance organizations in Turkey can perform the functions of the banks, they can operate more comfortably because they are not subject to the Banking Law. The legislation on special finance institutions includes many concessions. For this reason, Ankara makes the granting of permissions very difficult. Consequently, approval should not be expected for all applications."

Why Do They Come?

Al Baraka Turk, which realized a profit of 1.355 billion Turkish liras in 1985, attained a deposit and profit level much higher than it had planned in its first year of operation. Deposits at Al Baraka Turk rose from 12.7 billion Turkish liras at the end of 1985 to 17 billion Turkish liras as of 24 March 1986. The group's profits for the first 2 months of 1986 stood at 595 million Turkish liras. These figures clearly demonstrate the bright picture achieved by the institution during its brief duration of operations. The other special finance institution operating in Turkey, Faisal Finance, closed 1985 with a profit of 1.235 billion Turkish liras which was earned in only 9 months. Stating that profits in the first 3 months of this year has surpassed earnings in the corresponding period of last year, Al Baraka Turk Director General Yalcin Oner commented on the interest of Arab capital in this area as follows:

"The two special finance institutions have been successful and have achieved what they expected even though they have been operating for only a short time. The pace of development in terms of growth and profits is quite positive. For example, this year we will be one of the most profitable corporations in Turkey. Moreover, the net interest we pay to our depositors is at least as high as the gross interest paid by the banks. The biggest advantage of interest-free banking is trade. Our growth rate is much higher than that of the single-branch foreign banks established last year. Our profitability is also quite high. Our profits for the first 3 months of this year surpassed earnings in the corresponding period of last year. Given these conditions, it is natural that new special finance institutions will be interested in Turkey."

Noting that Turkey is a new country for special finance institutions, Faisal Finance Deputy Director General Nazif Gundogan insisted that present market conditions in Turkey can support 8 to 10 special finance institutions. Gundogan said:

"The banks' total deposits amount to 7.5 trillion Turkish liras. At present the share of the two special finance institutions in this amount is around 1 percent. Consequently, a growth in the number of special finance institutions would be a positive development. Current market conditions can support 8 to 10 special finance institutions."

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FOREIGN INVESTMENT LAW POINTS UP DEFICIENCIES IN CONSTITUTION

Istanbul MILLIYET in Turkish 29 Apr 86 p 2

[Article by Mumtaz Soysal in the column "Standpoint": "Vacuum"]

[Test] The law making possible the sale of real estate to foreigners without reciprocity was rushed through the assembly last week. It is now before the president.

In one respect, there is a different condition at issue from the first law that was annuled: The sale to foreigners of large tracts of agricultural land has been prohibited. Sale to corporate bodies and, therefore, to large companies has also been prevented. That is to say, we need no longer fear being considered a "banana republic" on lands bought by foreigners.

The law, in this form, seems to be exactly the "height of greed." Obviously, the goal is to sell a few rich Arab sheiks a few villas on the Bosphorus. The prime minister's speeches on his last trip to the Middle East imply that such a request was made to him by a few wealthy Arab leaders.

Yes, the sale of large tracts of land to companies has been prevented, but the basic reason for annulment exists the same as before: In the new law, as in the old one that was anulled, "reciprocity" is not required. Although the government of these rich people who will buy villas or parcels of land on the Bosphorus does not permit Turks to own real estate in its own country for some reason, it is granted this right in Turkey by resolution of the Council of Ministers.

Certainly, the Turks are not waiting in line to buy land in the hot Arab countries. But the Constitutional Court, quite justifiably, had annulled the previous law because it considered the granting of such a right without reciprocity to be in violation of the principles of "being an honorable member with equal rights in the family of nations."

With the thinking that if this sort of thing gets started, greater inequalities may follow.

Now, since there is no change regarding this condition, it is natural for the new law to suffer the same fate.

Then why, with one's eyes open intentionally enact such a law?

Probably, if someone wants to take advantage of the void created by today's Constitution and sell their property to someone else, the deal can be wrapped up before another annulment decision is made. Since revocation rulings by the Constitutional Court are not retroactive, the sales will remain valid.

There will be ample time to take care of business after the law has been published. Writing a petition and filing suit for annulment of a law takes a while. So does examination of the record in court. In any event, the court ruling is not sufficient; to become effective it must be published along with its rationale. Meanwhile, one who has taken the horse has long passed Uskudar [Proverb meaning "It will be too late"].

A government's desire to take advantage of deficiencies in its own constitution aside, this situation clearly demonstrates the need to reconsider two rules in the constitution.

First, annulment rulings are not retroactive. Constitutional Court rulings have no effect on actions taking place prior to their publication and effective dates. Consequently, depending on the particular case, it may be advantageous to introduce a certain flexibility into this unconditional situation.

The second concerns the date of implementation. That court rulings take effect only after they have been published with their rationale, especially in the light of some past events, may be a necessary principle. On the other hand, in some cases, such as in lawsuits where the justification is immediately understood, to prevent further injustice, a kind of "stop action" authority given to the Constitutional Court when suit is filed may prevent injustice from continuing further.

The time has come to start paying attention to these kinds of technical deficiencies, not just the political prohibitions, in the Constitution and to start thinking about the necessary amendments. Otherwise, what ought to be a living test will become the largest obstacle in front of society's dynamism. And in the end, it will fall.

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ECONOMIST ARGUES AGAINST PRIVATIZATION

Istanbul MILLIYET in Turkish 1 Jun 86 p 10

["Thoughts of Thinkers" column by economist Birgen Keles: "SEEs are the Public's Property"]

[Text] The State Economic Enterprises [SEEs] were established for political, economic and social reasons. Some of these reasons were: to preserve the nation's independence and its freedom of decision over strategic issues, to realize large investments, to pioneer the establishment of new industries, to create job opportunities, to prevent excessive profits, to make the public benefit from high profits and to provide revenue for the government budget.

Deficiencies in the functioning of the SEEs have been the subject of many studies. The problems generally stem from political pressures, and their solutions are known. Even so, since the 1950's the SEEs have been blamed for every malfunction in the economy whether they were related to the SEEs or not. Since 1980, the sale of the SEEs' revenues and shares has been discussed extensively.

Two major steps in this direction were the enactment of Law No. 2983 on the Encouragement of Savings and the Acceleration of Public Investments on 29 February 1984 and the publication of the Governing Statute on the Public Partnership Fund in Edition No. 18514 of the Official Gazette on 11 September 1984.

The purpose of the said law was to permit the government to transfer, by a council decision and without any oversight, the revenues, ownership and operation rights of public corporations to the private sector and foreigners by selling revenue sharing bonds, common stock and management rights.

The sale of the revenues of public corporations has begun. Shares of public corporations may sold to domestic and foreign investors. It is planned to sell the most profitable public corporations first.

The SEEs were established with taxes collected from the people. Thus, the government must spend their profits for the public. Otherwise, the people will have paid the costs, but the profits gained as a result of this expenditure will be turned over to a few domestic and foreign firms. In addition, the revenues earned by the sale of the SEEs which could be used by future governments will be at the disposal of only this government. Moreover, the people who paid the taxes to establish the SEEs will be deprived of ownership rights over them. It will no longer be possible to use the SEEs' vast production capacity to implement policies in favor of the people, to guide the economy and to accelerate growth.

Since 1980, it has been a policy goal to reduce the share of the public sector in the economy. For example, a steadily declining portion of investments come from the public sector. In practice, too, some public sector projects have been dropped from government programs as part of this goal. The public sector's share of Central Bank loans has been cut and easements previously granted to the public sector have been eliminated one by one. Despite these measures, the public sector has become a source of stability during this period by growing more than expected, and today it constitutes half the economy.

The reasons for the establishment of the SEEs are still valid today. But apart from that, in a country with Turkey's conditions the issues of opening new job opportunities to the unemployed and the young, solving the country's problems, utilizing resources most efficiently, closing the development gap between ourselves and the developed countries and accelerating industrialization and development cannot be left to the profit-motivated decisions of a few domestic and foreign firms.

The existence of the SEEs is essential not only to attain modern civilization levels by solving economic and social problems, but also to defend the country's interests against foreign pressures, to persist in that defense and to preserve the country's integrity and independence. In sum, the SEEs are the public's property and must remain the public's property.

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CONCERN THAT EEC DUMPING ENDANGERS AGRICULTURE

Istanbul CUMHURIYET in Turkish 29 Apr 86 p 9

[Text] ECONOMIC SERVICE--"Turkey's agricultural sector, which has the biggest chance of competing in the EEC, is in serious danger," said Ali Nail Kubali, general coordinator of Yasar Holding Company.

Kubali, who drew attention to the serious crisis in the Turkish agricultural, livestock, and dairy industry because of the EEC's conscious implementation of dumping and subsidies, said, "Turkey can only compete in the EEC with agriculture-based products, not automobiles or refrigerators."

Kubali said that although industrial products are said to have more than a 70 percent share of Turkey's exports today, most of the items that are called industrial products are processed agricultural produce. He stressed that agriculture and agriculture-based products constitute around 70 percent of total exports. Maintaining that agriculture and agriculture-based products are vitally important to Turkey for both development and increased exports, Kubali said, "Moreover, the agricultural sector, which needs to be scrupulously watched over, is being neglected today. The agricultural sector is being consciously demoralized and weakened, on the one hand by means of the EEC's subsidies and protection systems, called common agricultural policy, in our own country and on the other by its import quotas."

Ali Nail Kubali gave the following statistics regarding the unfair terms of competition with the EEC in agricultural produce and livestock:

"In 1984, we had imported 2,700 tons of powdered milk from the EEC. In 1985, with a large increase, powdered milk imports reached 7,552 tons. Furthermore, the EEC gives a large subsidy to powdered milk. In statistical terms, while the average selling price of powdered milk is $1,600 per ton within EEC nations, the export price of the same product is $880. That is to say, the EEC producer of powdered milk is getting a $764 subsidy for each ton of powdered milk he exports under the common agricultural policy. Dumping of powdered milk will kill the milk industry of a nation subjected to it.

"Turkish meat producers are also faced with dumping at $600-$700 a ton."

After giving these figures, Ali Nail Kubali warned, "Would the European buy a Murat when there is a Fiat, would he buy an old Renault when there is a new model? If tomorrow or the next day we enter the EEC, what product of ours can give us a foothold there?"

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EEC IMPORTS SEEN AS CAUSE OF CRISIS IN AGRICULTURAL SECTOR

Istanbul DUNYA in Turkish 5 Jun 86 p 9

[Text] Izmir--A report prepared by the Assorted Foodstuffs Committee of the Aegean Chamber of Industry outlines the existing difficult conditions of the Turkish livestock sector and examines the causes of the crisis and the steps that need to be taken to resolve it.

Stating that the meat and milk produced by productive cows today cannot even cover the animals' feeding costs, the report says that the cows are being slaughtered by the farmers and that, as a result, feeding farms and combines are being shut down with adverse effects on our agricultural industry.

The report outlines the causes of the crisis in the poultry, meat, dairy product and animal feed sectors and the steps that need to be taken to resolve the problems as follows:

"The loss of export markets in poultry products is the result of excessive price cuts caused by excessive competition among exporting capital firms. Another factor is the excessively low domestic consumption of eggs. The problem in the meat sector is of wider proportions. The EEC countries have turned Turkey into a dumping ground for their products with subsidies of as high as $1,000 per metric ton as indicated in their official documents. EEC meat exports to Turkey rose from 700 metric tons in 1984 to 38,000 metric tons in 1985. The crisis in the milk, butter and cheese sector is the result of dumping practices used by the EEC through substantial subsidies particularly on powdered milk, butter and cheese. Moreover, while interest rates on agricultural loans to all sectors have increased to over 40 percent, many operations are forced to use regular commercial loans at nearly 70 percent interest as a result of the crisis they are facing. The crisis in the animal feed sector was born out of the problems of the poultry and livestock sectors."

Noting that the crisis in the livestock and agricultural industry can be overcome by taking certain measures, the committee report enumerates the steps that need to be taken as follows:

"EEC meat exports to Turkey must be stopped or restricted by quotas. The import tax assessment made on EEC meat imports must be raised to $1,000 per metric ton which is the amount of subsidized by EEC. The meat import quotas must be distributed among industrial organizations which are direct producers. The proposals made with respect to meat imports should also apply to milk, powdered milk, butter and cheese imports. The funds collected through assessments on agricultural imports must be used to provide medium-term loans with not more than 10 percent interest as special and urgent assistance to the poultry, livestock and animal feed sectors which are facing a serious financing crisis."

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AGRICULTURAL CHAMBERS OPPOSE INSTALLMENT PAYMENTS TO FARMERS

Istanbul TERCUMAN in Turkish 1 Jun 86 p 6

[Report by Hayri Berkay]

[Text] Ankara--The Turkish Union of Agricultural Chambers [TUAC] opposed the installment payment system for wheat purchases from farmers. TUAC President Osman Ozbek said that the farmer, who already faces financial difficulties, "will not be able to do anything" with the payment of the 60 percent of his crop's value. Ozbek said: "It is unfair to punish the farmer in order to prevent the money supply from rising. Those working in agriculture cannot withstand such a burden."

'We Will Sell to Merchants'

Noting that the Soil Products Office [SPO] is planning to buy 250 billion Turkish liras' worth of grain this year, Ozbek insisted that the installment payment system will force the farmer to sell his crop to merchants. Ozbek said:

"According to the decision that has been taken, SPO will pay 60 percent of the value of the crop it buys in advance and will pay the balance in installments over a period of 2 or more months. The producer who still owes money from last year will be forced to sell his crop to the merchants because the money he will get from SPO will not solve his difficulties. The 2-lira late payment differential paid for crops bought on installments is at least twice as low as interest rates paid by banks."

'We Are Losing Iranian and Iraqi Markets'

Noting that competition in world markets has become steadily more ruthless, Ozbek insisted that we are about to lose the Iranian and Iraqi markets--which hold a major export potential for Turkey--because of "excessive dumping practices" used by the EEC. Stating that produce prices and production levels in Turkey must not be too different from world standards and EEC prices, Ozbek said: "Imports of food products must be completely halted and the imbalance in the domestic market must be ended."

Commenting on the freeing of fertilizer prices, Ozbek said that the results of that "will be seen in practice." Noting that the entry of the private sector into import of fertilizers may result in an increase in prices, Ozbek said: "Our only guarantee is the Prime Minister's word. The Prime Minister told us: 'Even if the prices rise we will give you fertilizers at a lower cost.' But we are worried that fertilizers may go to the black market by the intrigues of the merchants."

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OZAL ON GROWING PROTECTIONISM AS THREAT

Istanbul CUMHURIYET in Turkish 29 Apr 86 p 9

[Report on Prime Minister Turgut Ozal's opening speech at FAO 15 European Region Conference]

[Text] ECONOMIC SERVICE--Stating that Turkey's agricultural subsidy and import tariffs on agricultural products are very low, Premier Turgut Ozal said, "The developed nations are directing a large portion of their energies to defending their protectionist measures." Remarking that he believed the increasing tendency toward protectionism would be curbed at the GATT discussions which are beginning soon, Ozal said, "I do not believe Europe has the ability to combat hunger, malnutrition and poverty."

The 15th European Region Conference of the United Nations Food and Agricultural Organization (FAO) started with Turgut Ozal's speech at the Sheraton Hotel in Istanbul yesterday. The conference that will end Friday, 2 May, is being attended by representatives of 29 nations, 13 of whom are cabinet level. Secretary of Agriculture, Forestry and Village Affairs Husnu Dogan, elected chairman of the meeting attended by the United States, Canada and the Vatican as observers, and FAO General Director, Edouard Saouma each gave a speech. In his opening speech, Prime Minister Ozal, recalling that many nations have food shortages, said, "Yet, in Europe, there is no problem with lack of food. The existing problem is how they will use production surpluses." Remarking that the production surplus stems from subsidies given to agriculture by developed countries rather than from technology, Ozal pointed out that one of the most dangerous factors in this issue is protectionism, and added, "Although the damage done by protectionism is known, nothing is being done to abolish it. Instead of reversing the protectionist tendency through structural adjustment policies, the developed countries, individually or collectively, are directing a large portion of their energies toward defending their own protectionism."

Remarking that, also, from time to time, the prices of agricultural products have fallen because of the developed countries' attitudes, Ozal said, "Meanwhile the developing countries' revenues show a downward trend, while their debts are increasing. Internal protectionist policies in agricultural trade among large countries and groups of countries are dangerously increasing tensions."

Characterizing protectionist policies as "narrow minded," Ozal continued, "This is not very encouraging for countries like Turkey that have started to implement liberal policies," and added:

"In Turkey, agricultural subsidies and import tariffs on agricultural products are very low. Nevertheless, we are called upon to compete with industrialized nations' exports which are supported by large subsidies. The GATT discussions that will start soon will be an important test, especially for the leading trade nations. We believe that at the conclusion of these discussions, protectionist measures will be reversed."

Touching upon the European production surplus, Chairman of the FAO European Region Conference and Secretary of Agriculture, Forestry and Village Affairs Husnu Dogan said, "The well-fed cannot comprehend the plight of the hungry [Proverb]. Asserting that the short-term solution to world hunger is to transfer production surpluses in Europe to these countries, Dogan remarked that there is a need to increase cooperation in regard to these issues and concluded by saying:

"Differences in political, economic and social systems cannot prevent intensive cooperation."

FAO General Director Edouard Saouma, the General Director of FAO, who gave a speech during the opening of the conference, also drew attention to the "crisis" of surplus production in the European countries and said, "The crisis in the north can be a real opportunity to solve the hunger problem in the south." He said that it is necessary first, to provide aid to African nations suffering from severe starvation and later to give these countries technical aid to ensure increased agricultural production. Souoma pointed out that aqua-production in Europe, the detrimental effects of pesticides on food, and environmental pollution in Europe were on the conference agenda.

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CRUDE PURCHASES, USSR, OTHER PIPELINE PLANS

Istanbul DUNYA in Turkish 28 Apr 86 p 3

[Text] NEWS CENTER - Minister of State Kazim Oksay said that Turkey has made purchases of 424,000 tons of crude oil on the spot market since the first of the year. He said that Turkey had paid between $10.84 and $18.34 per barrel for the crude under netback agreements, the price depending on the gravity of the oil. Kazim Oksay stressed that a savings of $1 billion would be realized this year from the drop in world oil prices and said that the government was not considering reduction in domestic oil prices due to the declining prices.

Minister of State Kazim Oksay spoke at a press conference called to discuss "our crude oil importation policy and developments in our oil sector as affected by new world oil prices." The press conference was attended by the general directors of TUPRAS [Turkish refineries corporation], BOTAS [Pipelines and Petroleum Transport Corporation], the Petroleum Office and TPAO [Turkish Petroleum Corporation].

Minister of State Kazim Oksay said that Turkey's plans had not called for its 1986 crude oil needs to be met by Iran, Iraq, Libya, Saudi Arabia, Algeria and the PRC, that two crude oil agreements had been signed, one for 3 million tons with Libya at official oil prices in 1985 and one for 6 million tons with Iran in 1986, that when world oil prices dropped significantly in the last week of January, TUPRAS had asked the suppliers to revise the crude oil agreements and crude oil prices according to the "netback" principle. He said:

"Those countries had been told that no reduction could be made in the official price until an agreement was reached. So a netback agreement for 1 million tons was concluded with Saudi Arabia and an agreement for 4 million tons with Iraq. In addition to this agreement, the 1-million-ton Safiyah/Aynzallah agreement for crude oil trucked from Iraq was also converted to netback. While an agreement for 500,000 tons based on the same principle has been concluded with Algeria, a 500,000-ton agreement is expected to be signed with the USSR in the next few days. The barrel price of crude oil to be purchased within the framework of these agreements will vary between $10.84 and $18.32. The netback crude oil agreement with Libya for 1.7 million tons will be realized, while netback price negotiations are still in progress with China and Iran. Discussions are also being held with Kuwait and Abu Dhabi for the purchase of crude oil."

In answer to a question about the effect of falling prices on domestic oil prices, Kazim Oksay pointed out that they, the government, were not considering any change in domestic oil prices. "One reason for this is that oil prices will not be this low in the long term. The oil-producing countries are doing everything possible to get out of what to them is a crisis. What has to be done in this regard is for the oil producing countries to agree among themselves and set definite quotas for production. If they can do this, oil prices will be higher than they are today. It is hard to guess how long this will take. In a market in such a state of flux, we are not considering a change in the prices of oil sold domestically," he said.

Noting that, considering the decline in Turkey's oil import figures from the earlier price of $26-$27 a barrel to $10.84 and $18.32, a savings of at least $1 billion in foreign exchange would be realized this year, Kazim Oksay stated that it would only be "guesswork" to say now how this resource would be used. He said that 80 billion liras had been appropriated for oil exploration.

Oksay indicated that how far oil prices continue to decline would depend on developments as well as relations with one another of the OPEC countries and the results of the meetings they hold. He said that, if the oil producing countries could not pay their debts, it would be necessary to take into account how well they could tolerate low oil prices for a long time or disruption of their own national economies and whether they would intervene.

Noting that no one could expect Turkey to buy oil at the high price despite the agreements concluded earlier, Oksay emphasized the efforts that had been made to procure crude oil on the spot market if it was needed and could be found more economically than from the countries with which agreements were concluded, resulting in the purchase of 424,000 tons of crude oil on the spot market since the first of the year.

TUPRAS General Director Mufit Nayir later gave information about TUPRAS' efforts. Nayir said that construction of the Central Anatolia Refinery at Kirikkale was progressing and that they expect the power plant to begin service in June 1986 and the crude oil unit, by the first of the year.

BOTAS General Director Nezihi Berkkan gave information about the Soviet natural gas pipeline, explaining that the pipeline would be managed through a main command and control center to be built in Ankara. He said:

"Four consortiums were formed after the invitation to bid was extended to domestic and foreign firms. The project and bid papers have been delivered to the consortiums. BOTAS will accept proposals until 17 June. Proposals must show credit arrangements for equipment and materials to be imported and foreign contracting services. We estimate that evaluation of the proposals, procurement of credit and signing the contract will be completed in September."

He said that it was hoped that the section of pipeline between the Bulgarian border and Hamidabad would be operational within 6 months of signing the contract with the consortium whose bid is selected, that the Hamidabad-Anbarli section would be serviceable by April 1986 [as published] at the latest and that, if site delivery took place on 1 September, the pipeline would reach Ankara by June 1988.

Berkkan, noting that work continues on the Iran natural gas-crude oil pipeline project, said that the Qatar-Turkey natural gas pipeline may serve as a basis in principle for a line stretching into Europe.

Nezihi Berkkan stated that, among the product pipelines to run to consumer centers from the Central Anatolia Refinery, under construction at Kirkkale, the Kirikkale-Ankara line was placed in BOTAS' 1986 program and added that construction was under consideration of product lines running south and north from Izmir-Aliaga and Central Anatolia Refineries. "The western terminal studies made at the terminal site selected in Marmara-Eregli have been completed and project feasibility studies will be drawn up as soon as possible by BOTAS," he said.

TPAO General Director Ozer Altan said that production of 1,134,344 tons of crude oil and 503.9 million cubic meters of natural gas had been included in the 1986 program and said, "Two petroleum exploration projects have been conducted in the Akpinar and western Euphrates areas in the past 3 months."

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OVERVIEW OF CEMENT INDUSTRY

Production Will Meet Demand

Istanbul DUNYA in Turkish 5 May 86 p 7

[Interview with Tufan Unal, managing director of the West Anatolian Cement Factory by correspondent Adnan Caglayan: "The Cement Indistry Entered 1986 on A Hopeful Note"; date and place of interview not given]

[Excerpt] Managing Director Tufan Unal of the West Anatolian Cement Factory noted that the increase in domestic cement consumption which began in 1984 continued at an even faster pace in 1985. He believes that this positive state of affairs for the cement industry will continue in 1986.

Unal, who noted that last year cement consumption in the Aegean region showed an 11.3 percent increase, said he anticipated an 18 percent growth in cement use in 1986.

In this context, Unal mentioned that this increase in the rate of consumption is true for other regions of the country as well. He cautioned that in some regions of the country there may be shortages and he noted that the implementation of new policies could prevent this situation from developing. Unal responded to DUNYA's questions on developments in West Anatolia cement production and the cement industry as follows:

DUNYA: If one thinks about keeping the increase in cement production in step with the increase in demand, and if this increased production has to come from within the country, then there arecertain problems that inevitably accompany increased demand. Looking at the questions of costs, prices, and employment, what sort of strategy will West Anatolian Cement pursue?

UNAL: I believe that our country's cement production can meet demand. There had been speculative activities in certain regions, but because in the Aegean region we will have sufficient capacity to meet demand, I do not see us running into any major problems. Whatever happens, West Anatolian Cement--because it pays particular attention to the domestic market--will meet demand. We will not have any problems regarding employment. We implemented our collective bargaining agreement on 1 January 1986 and our production will increase by approximately 42 percent the first year and 35 percent the second. It is a bit harder to say the same things about costs and prices, the main reason being that energy is constantly increasing its share in costs. This year energy constitutes 38 percent of our costs. Also if you consider the increase of 550 TL per ton to the funds added as a result of the price decontrol at the end of last year, the wage increases we made so that our workers would not be unfairly hit by inflation, the very significant investments we made to bring the latest technology to our factory's field operations, then it is clear that cost increases were inescapable. Of course, in turn, that meant price increases were inevitable too. We have decided to direct our efforts at minimizing the effect of external events on consumption. Of course, this effort of ours aimed at protecting consumption cannot solve the problems. However, especially if energy maintains its current share of our operating costs, and if they put into practice one short term solution after another that place heavy burdens on operations then our current status will not change.

Production May Not Be Adequate in 1990's

Istanbul DUNYA Supplement in Turkish 5 May p 4

[Interview with Burhan Evcil, general director of Bursa Cement A.S.: "Cement Production May Be Inadequate in the 1990's"; date and place of interview not given]

[Excerpt] In an analysis of cement production and consumption in Turkey, Bursa Cement A.S. General Manager Burhan Evcil said that in recent years, there has been a revitalization of the construction industry and as a result, domestic cement production has been on the rise. If this construction boom continues into the 1990's, he asserted, cement production in our country will be unable to keep pace. Mr. Burhan Evcil responded to DUNYA's questions regarding the construction industry and his company's activities as follows:

DUNYA: Would you give us your appraisal of the construction industry in 1985 and did cement production rise or fall in that year?

EVCIL: As you know, the stabilization measures taken to correct the economic mess of 1979-80 had a dampening effect on a number of sectors of the economy including construction. Thus cement production dropped sharply between 1980 and 1984. Per capita cement production in Turkey in 1978 was 325 kilograms and, despite the rise in population, it fell to about 250 kilograms from 1980 through 1984. However, in 1984, due to a number of factors such as the restoration of peace and security in our nation, the stabilization in the political and economic arenas, the implementation of the comprehensive housing law and the priority given to infrastructure investments, the construction sector came alive. That trend continued in 1985. As a result of this reinvigoration of the construction industry, domestic cement production climbed 17.5 percent in 1984 and 16.2 percent by year's end of 1985. If this increase continues for the next few years, best estimates are that by 1990, cement production will not be able to keep pace with cement demand in Turkey.

DUNYA: Is the Bursa Cement Factory able to meet only Bursa's needs or can you produce for the whole of Turkey?

EVCIL: By and large, our factory meets the needs of Bursa and its surroundings and we have planned that by 1990, we will fill the cement needs of the entire district.

DUNYA: What was your production in 1985 and what are your goals for 1986? Do you do any exporting?

EVCIL: We reached our target figures for 1985. We produced 500,102 tons of cement. Of that, we sold 489,062 tons domestically and we exported 10,850 tons. For 1986, we have planned for 550,000 tons for domestic use and 50,000 tons for export; in other words our target is 600,000 tons of cement production. We are doing all we can to promote the use of poured cement in internal consumption. However, the habit of using bagged cement will remain hard to break.

Cement Production, Domestic Consumption Figures

Istanbul DUNYA Supplement in Turkish 5 May 86 pp 1, 9

[Excerpt] Linked to the establishment of the collective housing fund in 1984, construction sector activity has picked up speed and this is tangibly reflected in the cement industry. Domestic cement consumption which had remained at about 12 million tons per year from 1980-83, climbed to 13.6 million tons in 1984 and 16 million tons in 1985. The increase which has gained even more momentum in the first quarter of 1986 has required some imports of cement in the Istanbul region. Domestic consumption has approached 2.9 million tons in the first 3 months, an increase of 54.3 percent. There has been a 26.7 percent increase in production which totaled 3.3 million tons. In the face of this increased domestic consumption, there has been a corresponding drop in exports of cement.

The establishment of the collective housing fundin 1984 and the financing of the construction industry from the fund has revitalized both the construction sector and the industrial branches which supply it. Along with the increase in the number of private and collective firms involved, collective housing project capacity has grown to 30-40,000 housing units. The investments made over the past 2 years have had a direct impact on the production and sales of the industrial branches that feed into the construction sector. At the head of these is the cement industry. In 1980, domestic sales of cement stood at 12.1 million tons and that figure dropped in subsequent years. As late as 1983, the figure had fallen to 11.6 million tons. Then sales began to climb again. In 1984, the figure reached 13.6 million tons and in 1985, 16 million tons. In the first quarter of 1986, domestic consumption was up 54.3 percent over the corresponding period the year before, reaching a record level. The concern that the growth in consumption--particularly in the Marmara region--will exceed existing production capacity by four million tons at year's end has opened the door somewhat to cement imports. The increase in internal demand has had, of course, the opposite effect on cement exports. These which in past years have approached 2000 [sic] tons stood at 469,000 tons for the first quarter of 1986, a 35.2 percent drop.

Below are statistics giving cement production by region in our country. All figures are in thousands of tons.

Table 1. Cement Production by Region

Region	Production Capacity	1984 Production	1985 Production
Marmara	7230	4762	5218
Aegean	2840	1895	2061
Mediterranean	3480	2479	3157
Interior Anatolia	4110	2755	3037
Black Sea	2830	1771	1911
East Anatolia	1270	919	788
South Anatolia	3540	1157	1429
Totals:	25300	15738	17601

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BRIEFS

IRAQI PIPELINE CONSTRUCTION BEGINS--The construction of the second oil pipeline the county of Yumurtalik has begun. The second oil pipeline which will run from Kirkuk in Iraq and to Yumurtalik will be 930 kilometers long. The Iraqi government will build 530 kilometers of the pipeline, while the remainder will be laid by Turkey. The pipeline, whose construction began in the Karacadag region of the county of Siverek, will be made up of pipe segments each of which weighs 5 metric tons and measures 13 meters in length, 2 centimeters in thickness and 1 meter in diameter. The segments used in the building of the 100-billion-lira pipeline are imported from Italy. The pipe segments which were brought from Italy to the port of Iskenderun by sea are then carried by trailers and trains to the counties of Akcakale, Ceylanpinar and Nusaybin. [Istanbul MILLIYET in Turkish 31 May 86 p 3] 9588

CSO: 3554/99

SCANDINAVIAN HOME GUARDSMEN COMPETE IN WAR SKILL EXERCISES

Oslo AFTENPOSTEN in Norwegian 16 Jun 86 p 36

[Article by Kai Ove Evensen: "Scandinavian Home Guard Meet"]

[Text] The men of the Norwegian Home Guard emerged victorious in the national competition (2,686 points) with sweet brother in second place (2,405) and the Danish "fatigues" in third (2,373 points). The Bodo Home Guard Regiment was the clear winner in the team competition ahead of LV Home Guard Flesland and the Swedish team from Norrkoping. A team from Fornebu won the limited fire assault competition.

This year's Nordic airport defense championship took place with live ammunition in the guns and holiday "fatigues." From Denmark, Sweden and Norway teams from the respective countries' home guards participated, all with their trigger fingers in top form. But the prerequisite for the competition's taking place was that the Danes should get to see the World Cup match Friday between Denmark and West Germany. Otherwise they would not come.

"To the extent that we could, we had to try to satisfy the wishes of the soccer-loving people from the south, so we rigged up video and television the night before," Liutenant Lauritz Dorenfeldt said.

Beginning at 0600 Saturday morning breakfast was had by [Lake] Lutvann, then departure for the shooting course at Lovensjiold and Sorkedalen immediately thereafter. Excellent prizes were an attraction of the contest, and the desire to do one's best was as could be expected. There was competition in eight exercises, precision shooting, two field shootings, guard duty, medical service, target detection, estimating distance and hand grenade hurling.

"The competition rotates among the participating countries. In all 96 men take part, and the championship is being held for the 23rd time. We think the competition advances Nordic cooperation and in addition we trade experiences. But we should not forget the social companionship either, which means a great deal during such an exercise," Dorenfeldt explained.

The teams from ecah country have been through a number of selections before they were sent to the championship. And at the end of the weekend each one of the Home Guard soldiers will return home to his civilian duties, ready for both more soccer and sharpshooting.

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NAVY'S NEW COMPUTERIZED COMMAND CONTROL CENTER INAUGURATED

Copenhagen BERLINGSKE SØNDAG in Danish 1 Jun 86 Sect II p 1

[Article by Nils Eric Boesgaard: "New Computer Tells Everything About Foreign Warships"]

[Text] The navy's headquarters in case of war, SOK [Naval Operational Command], in Århus, known for its many skillful helicopter rescues in our waters, will inaugurate on the 25th anniversary of its establishment a new electronic command system.

"The Naval Operational Command reports that those in distress have been found and have been rescued safe and sound."

This laconic report can be read in the newspapers or heard on the radio countless times the year round when commercial or pleasure sailors have fallen into distress.

In the view of ordinary Danes, the naval headquarters, SOK in everyday parlance, is a kind of "Falck's Rescue Corps for seafarers," and it is the fewest who know that the bunker with the command center in the wooded cliffs near Århus Bay is in reality primarily the navy's war operations center with wide-ranging duties and powers in the defense of Denmark, deep into the Baltic or along the west coast of Jutland.

"Today it is 25 years ago that the Naval Operational Command was established by a uniting of what then was called the Coastal Fleet and the Coastal Fortifications. The background was that our NATO membership had made it desirable to create a commmand organization which covered all of the navy's operational functions." the commander relates, Rear Admiral Jørgen F. Bork.

Queen Visiting

The day will be celebrated by a visit by the queen, who is coming to Århus on board the royal yacht, the Dannebrog. There will be a celebration service in the Cathedral, and after that her majesty will visit the bunker and push the button which starts SOK's new electronic waters surveillance system, the "FOD CCIS" (Flag Officer Denmark Command Control Information System), which in ordinary language translates to the Naval Operational Command command, control and information system.

The new computer system makes it so that at any time all foreign ships in Danish waters can be monitored. It makes it possible, among other things, for Danish naval vessels, on the basis of very few radar observations of a foreign naval vessel, to display on the screens in the command room all this vessel's relevant data.

"SOK's most important duty is the naval defense of Denmark and the protection of shipping in times of tension and conflict. Special emphasis is placed on preventing an invasion anywhere in the country, on safeguarding communications between sections of the country and on protecting those ships which will carry allied reinforcements."

Six Hundred and Ninety-Nine Rescue Operations in 1985

"Operational means active, and SOK has its name precisely because all the navy's units which are constantly prepared for an effort are under SOK. The operational units are the fleet with ships, helicopters, the coastal defense system, naval districts, coastal radar stations and forts. About 2500 people out of the navy's total personnel force of 7000 men and women are employed in peace time within SOK's area of responsibility. Geographically the staff is scattered from Greenland to Bornholm," Rear Admiral Bork relates.

Surveillance of the waters is SOK's most important peacetime duty. This concerns, in this connection, first and foremost seeing to it that Danish sovereignty is not violated and seeing to it that maritime law is not broken. However, the best known peacetime duty is the sea rescue service, which is coordinated from the rescue center at SOK in Århus.

In connection with surveillance of the waters, SOK fulfills a number of other duties of a community nature. This includes fisheries inspection, combating pollution, disarming of remnants of the war (mines and ammunition), the navigation radio report service (among other things, ice reports), as well as police and customs duties.

"Six hundred and ninety-nine rescue operations were begun in 1985. This is the lowest figure for the last three years. The blackest day is still 22 June 1983, a nice summer Sunday, when the weather suddenly and inexplicably changed so that hundreds of yachtsmen were caught in a terrible storm and SOK had to begin 32 rescue operations," the day-to-day leader of the rescue service, Commander H. Elbro, relates.

Shipwreck of the Rocinante

The sea rescue service is conducted in close cooperation with the air force, whose rescue helicopters take part in about one third of all rescue missions. In addition, SOK is in close contact with the sea rescue agencies in all our neighboring countries, and the system is generally that the country which has rescue materiel closest to the accident or search area attends to the mission.

"In the direction of my binoculars were two lighthouses; hey, Nina, we will hold on further. We are saving time and a lot of fuss while we near the Point. We are going by motor, for the wind is light, but the fuel in the tank will soon be gone. But we both hope soon to be able to slip around the Point with the craft."

Thus Graduate Engineer Erik Eckert wrote in 1977 a 15-stanza poem of thanks to the Naval Operational Command and the crew of the 722nd Squadron's helicopter after they jointly had rescued him and his wife Nina from their run-aground yacht the Rocinante out of Rungsted.

For things went wrong in rounding Zealand Point. The boat went aground, and when all attempts to get it off ground had proven to no avail, there was nothing else to do than to fire off two red distress flares. They were, Erik Eckert relates, observed by another pleasure sailor with a radio on board and 37 minutes later they were taken on board the helicopter, whose crew acted exemplarily friendly and helpful.

"But when we, deeply moved by their rapid and efficient effort, thanked the helicopter people, they made no secret of the fact that they were certainly not used to this. Most people they helped regarded the effort as a matter of course, if they were not even directly insolent because they thought that it had been too long before help got through," Erik Eckert says. "For this reason we thought that they should have a poem of thanks, freely after Blicher's 'Søren Kanne.' It was even published in RANDERS AVIS--the same place Blicher's poem appeared the first time."

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ARMY ORDERS ADDITIONAL CARL GUSTAF SHOULDER ANTITANK WEAPONS

Copenhagen AKTUELT in Danish 2 Jun 86 p 5

[Article by pmr: "Tapered-Bore Guns for 68 Million Kroner"]

[Text] Slagelse. How many have been bought and what they cost apiece is a secret, but since 1982 the Danish army has received 152 million kroner for the purchase of a new lightweight tapered-bore gun--the so-called "Carl-Gustaf."

The first order to the Swedish plant, Förenade Fabriksverken, was in 1982, for 84 million kroner, and the weapons have been delivered. Since then the Army Materiel Command decided to purchase an additional number of Carl-Gustafs for a total of 68 million kroner, and the new and improved lightweight tapered-bore guns will be put into service in the army in the course of the summer.

The new Carl-Gustaf was introduced the other day at an occasion for the Zealand Life Regiment at the Antvorskov Barracks near Slagelse, with 179 retired officers as expert onlookers.

The gun, whose official designation is the M/85 84-mm tapered-bore gun, weighs only 10 kg, which is half what the old model weighed, and it is to be used by detection and surveillance units, and some of the army's engineering units will also get the new tapered-bore gun.

In order to utilize the Carl-Gustaf as best possible, the army is also getting a new range finder with a laser system which can measure distances accurate to 5 meters within the range of 150 meters to 10 kilometers.

The 179 retired officers were also able to see the country's G.I. Joes get new battle uniforms, new sleeping bags and new radios.

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MILITARY DENMARK

DEFENSE MINISTER: FOUR COUNTRIES IN RACE TO SELL MISSILES

Copenhagen AKTUELT in Danish 5 Jun 86 p 5

[Article by Bj.: "Four Countries Want to Sell Us New Missiles"]

[Text] Sweden, France, Great Britain and the USA are in the picture when the Danish armed forces are to but new missiles and to modernize the close-range air defense system for a good 1.1 billion kroner. Danish firms will have an opportunity to get to coproduce the new weapons.

Although the American Congress is in the process of approving the sale of 336 Stinger air-defense missiles for $65 million (just under 650 million kroner) to the Danish armed forces, this is not synonymous with the fact that Denmark will buy the American missiles. Defense Minister Hans Engell (Conservative Party) reports that the armed forces are discussing received offers of four different missile systems and that the decision will be made first at the end of the summer or at the beginning of the fall.

The American secretary of defense has asked Congress to approve a contract for the sale to the Danish armed forces of 336 Stinger missiles, which can be operated by a single man and carried on the shoulder. But the defense minister calls it a misunderstanding to think that this means that Denmark will say yes to the Stinger. An American approval does not bind Denmark. However, such is the procedure in the USA. When the defense authorities have made an offer for the sale of weapons, it must be submitted to Congress, so that permission can be ready if the deal goes through, Hans Engell says.

Appropriation of 2.2 Billion Kroner

The purchase of missiles for the close-range air defense system is part of a larger total appropriation for new procurements for the armed forces to the tune of 2.2 billion kroner, which the defense compromise parties agreed to in the spring. Of this a good 1.1 billion kroner are to be used just for building up the close-range air defense system. The total appropriation was just about to hit the floor when the Social Democratic Party as a provision for the approval of new procurements required assurance that Danish firms would get a share in coproduction and demanded that several missile systems be included in the deliberations.

The Social Democratic Party's defense policy spokesman, Knud Damgaard, is satisfied with the defense minister's denial of the fact that the deal with the USA has already been entered into. It would be totally contrary to the stipulations the minister consented to regarding inviting offers for various missile systems and assurance of the greatest possible coproduction by Danish firms out of regard for Danish industry's technological development, he says.

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CSO: 3613/156

LEFT'S CHAMPIONING OF 'NONOFFENSIVE' MILITARY SPURS DEBATE

Copenhagen BERLINGSKE AFTEN in Danish 6-12 Jun 86 pp 1, 12

[Commentary by Solveig Rødsgaard: "Defense Minister: Fixed Ideas Cannot Substitute for Lacking Appropriations; Now the Battle Regarding a Nonoffensive Defense Begins"]

[Text] The negotiations regarding the coming defense compromise will be prepared for in good time. The Social Democratic Party is discussing the presentation for a nonoffensive defense system, and the government is also getting under way with thoughts about the armed forces' future structure.

It will be necessary to have a comprehensive debate regarding the Danish armed forces' structure and mission in the years to come, and it will not be enough just to adjust the defense system we know today. For this reason Defense Minister Hans Engell wants already now to begin to prepare the presentation which the government will submit for the coming negotiations regarding a new defense compromise. At the same time the Social Democratic Party is at the moment discussing a debate presentation concerning a nonoffensive defense system. A presentation whose main elements are expected to become the Social Democratic overture to the defense negotiations.

Regardless of the fact that the government is in advance very critical about a proposal for a so-called nonoffensive defense system, there are some politics to the issue. The debate in the SF [Socialist People's Party] about the defense system, the Social Democratic Party's presentation for a nonoffensive defense system, and the dialogue between the Social Democratic Party and SF concerning a possible government coalition of course raise many questions about the breadth of the coming defense compromise. The compromises hitherto have had the nonsocialist parties and the Social Democratic Party as participants. The present 3-year defense compromise expires at the end of 1987, and negotiations regarding a new compromise are expected to be begun in the winter.

Realistic Presentation

The government parties' members of the Folketing Defense Committee and of the so-called 11-man committee which monitors the defense compromise have been summoned to a meeting with the defense minister at the end of June. The defense minister says the following about the coming defense negotiations:

"The last two defense compromises have to a great extent been characterized by the fact that the defense system which we know today has just been adjusted. With the presentation which can be anticipated from the Social Democratic Party, I think that to a far greater extent there will be need to discuss the armed forces' missions and structure. We have to figure out what we expect of the armed forces and which duties they are to perform. I also think it is necessary that the government parties submit a far more thoroughly prepared proposal for negotiation than in earlier negotiations. Of course, in the government parties we can also not close our eyes to technological developments and the major challenges of the years to come. But with the higher prices in materiel areas and with the high operating costs there are, we must also point out that miracle solutions and fixed ideas cannot serve as a substitute for lacking appropriations. We cannot maintain a Danish defense system at a reasonable level if we think that we can manage it only by banking on the technology we know today and on solutions which do not go well together with solutions which the remaining alliance countries are working for."

"I think that we are at a crossroads in the defense debate. Not only because we are now experiencing a tenuous dialogue between the Social Democratic Party and the SF, but also because we for many years have based ourselves on a defense structure which was good enough but where it has not been possible politically to find the necessary financial resources for following the structure up. For this reason we have drawn it out as far as we have at all been able to do--in the materiel area we have had a long series of service life extensions and reconstruction of older systems in order to try to maintain a reasonable level. But now we are approaching the point where it cannot go on longer."

"At intervals there has been criticism of the nonsocialist parties in the defense debate. It has been claimed that the nonsocialist parties have been set in an old-fashioned perception of the defense system's structure. I do not think this is right; decidedly not. But the criticism calls for an answer, and this answer must be a realistic presentation for the coming defense negotiations. A presentation which has its basis in the budget and in the NATO alliance."

Social Democratic Debate Under Way

The Social Democratic presentation regarding a nonoffensive defense system has been to a first reading in the Social Democratic Folketing group, and it is now to be discussed further at a joint meeting between the Social Democratic Central Committee and the Folketing group on 13 June. Here a decision will be made as to whether the presentation is to be sent out for debate in the party organizations.

The presentation regarding a nonoffensive defense system is a compilation of a proposal by Social Democratic Defense Policy Spokesman Knud Damgaard and a counterproposal to Damgaard's proposal by Ex-Defense-Minister Poul Søgaard. The two proposals were compiled by Folketing Member Karl Hjortnaes, who is also a member of the Social Democratic Party's internal defense committee. Knud Damgaard's proposal came into existence in cooperation with, among others, the former armed forces chief of staff, Colonel G.K. Kristensen, Major J. Graabaek, who is a member of the armed forces' special advisory and analysis panel, Retired Lieutenant Colonel P.0. Nielsen, formerly of the Armed Forces Command, and County Burgomaster Ib Vindelev, a former consultant of the army regular personnel organization.

It is no secret that the quarrel within the armed forces' own ranks between G.K. Kristensen and the rest of the armed forces leadership has also been able to be noted in the Social Democratic Party. G.K. Kristensen learned in February 1983 from Defense Minister Hans Engell that his post of many years as armed forces chief of staff would not be extended, and later he joined the Social Democratic Party with a declaration that he was now ready to do a little political work for the Social Democratic Party. There are groups in the Social Democratic Party which support G.K. Kristensen, while other groups do not want to be named as supporters for what is perceived as G.K. Kristensen's clash with the armed forces leadership.

Nonoffensive

In the Social Democratic presentation regarding a nonoffensive defense system it reads that the present armed forces compromise was a first step toward a more nonoffensively structured defense system. In addition it reads:

"Before the defense agreements of 1984 and 1985 the so-called advanced defense system was prioritized highest. This development has stopped and ought in a coming defense compromise to be reversed further and strengthened in the direction of a confidence-creating nonoffensive defense system which does not leave doubts about the Danish people's ability and desire to defend themselves--in cooperation with the other NATO member countries."

Regarding the objective of the Danish defense system it reads: "A nonoffensive defense system is aimed at which is a defense system which by its structure demonstrates peaceful, nonoffensive aims, but which at the same time possesses the ability to inflict decisive losses on an attacker in and from one's own sovereign territory."

The NATO alliance is to be maintained, but "in coming years there will be need for adaptation and development as a consequence of social, economic and technical developments. Such adaptations must take place after a free debate regarding all NATO's activities and in accordance with democratic decisions."

The presentation operates with a so-called integrated service--a uniting of the present three military services, the Home Guard and civilian reserve, and the Civil Defense.

"It is, however, decisive to realize that neither the civilian nor military defense system will be able to fulfill their missions satisfactorily without popular support and the will to--should the occasion arise--suffer privation and make personal sacrifices. The civilian community's will and ability to perform these duties is a decisive factor in the country's total power to resist."

Advanced Defense

The question of the defense of Schleswig-Holstein and the United Command's status is one of the sore points in the defense debate. Regarding land defense, it reads in the debate presentation that the home defense of Jutland and the islands must be strengthened, among other things, via the building up of mobile regular personnel forces for the defense of susceptible areas and especially vulnerable coastal areas, and by a reduction of forces for the defense of Schleswig-Holstein.

"The supplying of reinforcements is a necessity for defense. This holds true also for Denmark and Schleswig-Holstein, where the majority of reinforcement forces must be brought in over Jutland. The protection of susceptible areas must for this reason--evaluated on the basis of military integration considerations in close association with the defense of Schleswig-Holstein--be assigned the highest priority. For this reason our effort in Schleswig-Holstein must be reduced in the years to come. This would not involve the fact that Denmark would lose decisive influence in the command system."

According to the presentation, the land defense system is to be simplified: "The land forces are to be structured as mobile forces which in cooperation with long-range artillery and the air defense system can immediately support the Home Guard's effort against an attacker."

"The land forces--which are to include a considerable regular personnel element--are to be outfitted in accordance with this mission and out of regard for technological developments. High effort preparedness will be thereby ensured. Opportunities for transfer between sections of the country will be improved by the increased use of civilian and allied transport materiel."

In this connection it is suggested, among other things, that the armed forces get influence in the design of the types of ferries which are built for sailing to small Danish islands.

Materiel procurements for the island defense system are to be primarily procurements for the close-range air defense system, for the antitank service, long-range artillery and missile artillery.

Sea Defense and Air Defense

The main mission for the navy will according to the presentation be concentrated on surveillance of and protection of Danish waters "and participation in the nonoffensive defense of Denmark."

"The increased importance of surveillance of our waters justifies that high priority be given to our mine weapons and coastal batteries, which with modern transport capacity and prepared alternative positions can bring about both high effort readiness and great flexibility. Possible strengthened sea surveillance will be carried out, among other things, with the use of non-military ships."

The air defense of Denmark will be strengthened with emphasis placed on a nonoffensive air defense effort:

"Technological developments have resulted in a growing need for protecting the community and military units against attacks from the air. It is for this reason necessary to continue the development of the nonoffensive air defense system--and for shooting down attack missiles against Danish air bases, etc. At the same time we must ensure for the community and the people as well as military installations and units the least possible vulnerability through passive measures such as mobility, dispersion, decentralization and air-raid shelters."

In the presentation it reads further that the Home Guard's materiel and mobility must be improved and that the need for the Civil Defense's readiness is increasing.

Schleswig-Holstein

Defense Minister Hans Engell says that the government for the time being knows the Social Democratic presentation only through reports in the media, and that it can be counted on that it will be changed in essential points before it is finally submitted.

"But as something positive concerning the presentation it can be said that first and foremost the discussion of future technology is being tackled and that attempts are being made to think along progressive lines."

However, the defense minister thinks that the crux of the Social Democratic presentation is the defense of Schleswig-Holstein:

"It is totally decisive for the government parties that our NATO membership and our participation in the integrated alliance is not affected. I regard it as a cornerstone of our defense policy that one has the combined unit command where Danish and German officers work together and have a common headquarters which is always led by a Danish commander. The moment one suddenly begins to make the land boundary the Danish defense boundary and thereby indirectly says that what happens in the rest of Europe does not interest the Danes, one will really begin to question what is one of the main points of the NATO treaty, i.e., that the alliance's defense is to be seen from the viewpoint of a whole."

"On the whole I regard the question of the advanced defense in Schleswig-Holstein as an essential point. It is my opinion that it is in Denmark's interest that the battle be conducted as far as possible outside Danish territory. In addition there is the fact that the military geographic situation is such that the areas which are best suited for defense are in a part of Schleswig-Holstein."

Personnel and Reinforcements

Regarding the personnel aspect in the Social Democratic presentation, the defense minister says that the present system in the armed forces with high standing readiness in the air force and navy and a specially well developed warning system is both effective and economically good:

"If this is abandoned and instead a change is made to having a standing reserve, where the peacetime reserve and the wartime force are largely speaking the same, resources will be used wrongly. This will mean that it will be necessary to maintain a larger standing reserve than what we have today, in the army, too."

The defense minister refers also to reinforcement problems with a changed structure in the direction of a nonoffensive defense system:

"Our allies in NATO must have confidence in the fact that if they send several thousand young men to our territory these will also have the ability to be able to fulfill their missions and come to work together with forces that have somewhat the same structure and fight according to somewhat the same principles. If our defense system does not match structurally that of the other alliance countries, I think that this will create considerable reflections concerning the alliance."

8831
CSO: 3613/156

BUNDESWEHR PLANNING PROCESS, MANAGEMENT DESCRIBED

Bonn WEHRTECHNIK in German May 86 pp 36-39

[Article by Col Hans-Christian Hartig: "Bundeswehr Planning--Bundeswehr Plan"; first paragraph is introduction]

[Text] "A bad plan is one which cannot be changed" (Publius Syrus, 1st Century B.C.)

The Bundeswehr plan for 1987--recently presented to the German Bundestag appropriations committee--gave rise to discussions and inquiries by the public as well, as do all Bundeswehr plans. General Staff Col hans-Christian Hartig, responsible for Bundeswehr planning in the Joint forces Staff, in the following report provides some comments on the Bundeswehr plan, on Bundeswehr planning, and also on fund allocations in order to provide a better factual basis for future discussions.

Planning Is Active, A Plan Is Static

More than anything else is it necessary to pay proper attention to the conceptual difference between "planning" and "plan." "Planning" means to contemplate a goal and conceptually anticipate its realization.(1) Thus, "planning" is an activity; a "plan," on the other hand, is the result of such activity.

This conceptual clarification is especially important because Bundeswehr planning is a dynamic process while the Bundeswehr plan, as the annual documentation of this process, can only reflect the status at a specific moment--like a snapshot.

The Bundeswehr plan is reissued annually and remains valid, even in one change or another has occurred, until the next Bundeswehr plan is presented which represents a reevaluation based on the latest information.

That is, its validity relates less to specific numbers than to trends in setting planning goals which are derived from these numbers and by which the mission of the Bundeswehr is to be accomplished and its future development realized.

Bundeswehr Planning: Threat or Budget Oriented?

The question whether Bundeswehr planning is threat or budget oriented arises repeatedly.

Military requirements of the Bundeswehr are undoubtedly geared primarily to the mission and tasks of the armed forces, both of which are partially derived from threat. However, since such planning rapidly runs into the danger--as shown by the 70's--of deteriorating into unrealistic, if not utopian, wishful thinking, financial limits must be set to which Bundeswehr planning must adhere.

It would be more appropriate to consider the two concepts together and to say that Bundeswehr planning "considers requirements in the context of realistic budgetary constraints."

It follows from this that Bundeswehr planning results, as documented by Bundeswehr plans, must always be viewed as a compromise between:

--defense policy requirements derived from threat as well as requirements based on military-strategic and conceptual considerations (requirements) and

--financial constraints (limits).

In this process the Bundeswehr mission, and consequently the resources required for accomplishing this mission, must obviously receive clear preference.

The fact that Bundeswehr planning is carried out by the Federal Ministry of Defense and not by the Federal Ministry of Finance also explains why Bundeswehr plans basically have the "character of a requirements document."

Goal, Content of Bundeswehr Plans

Bundeswehr plans, generally speaking, represent conclusions of the planning process in the Federal Ministry of Defense; they cannot be compared to such financial documents as the appropriations bill, the budget law, or the financial plan of the federal government.

Bundeswehr plans indicate the type and extent of planned further development of the Bundeswehr. They show structures, personnel strength, materiel unit quantities and cost estimates within the various planning categories(2) in relation to the time period involved. This means that Bundeswehr plans document the anticipated requirements of the armed forces and the Bundeswehr administration for:

--personnel

--operational resources

--defense investment capital.

The requirements appear as expenditures in the budget(3) in separate categories according to:

--operational expenditures including personnel expenses, materiel maintenance and operation, and other operational expenditures

--expenditures relating to military investments including research and development and testing, military installations, other investments.

However, the amounts shown represent cost estimates and not budget appropriations.

The Bundeswehr plan must remain within budgetary constraints for the next 4 years and must adhere to financial guidelines for the following 9 years. The order concerning "Bundeswehr Planning in the Federal Ministry of Defense,"(4) reads verbatim:

"Based on the financial plan, the director of the budget department will define budgetary assumptions for planning corresponding to the time period of the next financial plan and issue planning guidelines for the time period of the following Bundeswehr plan."

The budgetary assumptions and financial guidelines are developed on the basis of the preceding valid financial plan of the federal government, whereas the Bundeswehr plan in turn has a bearing on the subsequent financial plan (Figure 1).

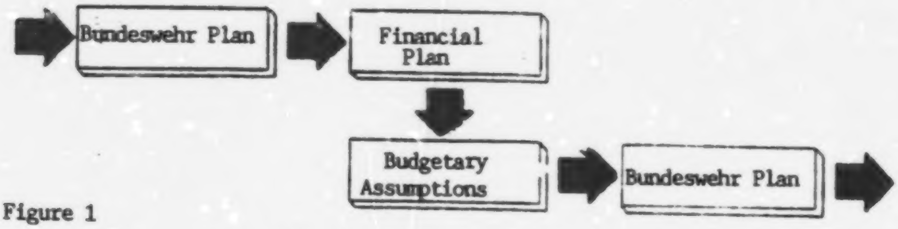

Figure 1

Despite this interaction between the higher-ranking financial planning process, on the one hand, and the departmental planning process on the other, the financial plan of the federal government and the Bundeswehr plan present significant differences, particularly with regard to their nature, the time period involved and their goal orientation:

--The financial plan provides information for the next 4 years concerning which expenditures the federal government will schedule to accomplish its tasks; it is a statement concerning allocation of funds.

--The Bundeswehr plan, on the other hand, consists of internal departmental military planning considerations for the next 13 years and is a statement of requirements.

This process results in an interaction that repeats itself annually: allocation--requirements--allocation--requirements. Meanwhile the defense budget, which is affected by the Bundeswehr plan, is however always in a "state of conflict between military requirements to accomplish the defense mission, and the economic and financial feasibility of funding these requirements which is also defensible from an overall political point of view."(5)

Realization of the Budget/Financial Plan

What happens when the government decides to provide fewer resources for defense in its next financial plan than the estimated costs of the Bundeswehr plan for a comparable period? Is the Bundeswehr then still able to fulfill its mission? Is it not indispensable to accept planning figures on a "one-to-one" basis in the budget/financial plan?

The Bundeswehr plan attempts to calculate planned costs and to estimate the amount of resources that should be made available in order to meet requirements established within a realistic range.

Planning in this process always starts with rather optimistic assumptions with regard to timely realization of planned activities. Early "budget readiness"(6) of the planned activity is assumed, a fact which further emphasizes the previously mentioned nature of the Bundeswehr plan as a statement of requirements. However, when the budget/financial plan is set up, items are deleted, since in the long run the budget/financial plan can only accept that which is actually "budget-ready"; this means that budget resources are allocated for planned activities as a matter of principle only if this planned activity has a high probability of actually becoming an "active item."

Thus, if all planned costs shown by the Bundeswehr plan cannot be provided for by allocation of resources in the budget, it does not mean that urgent requirements are being ignored. The realization of the affected planned activities is only delayed for a number of years, usually because these activities are "not yet ready to be an active item" and, therefore, have not proven to be as urgent as optimistically assumed in the planning process. In these cases the delays are frequently caused by technical-economic considerations.

It follows from this that differences in amounts between Bundeswehr plan requirements and allocations in the financial plan--as long as these remain within acceptable limits--should not be taken too seriously, even though the previously discussed postponement of planned activities to later years will obviously increase the burden for the later planning period.

Price, Cost Increases--Risks

Bundeswehr plans are made in accordance with prevailing prices at the time each financial plan is in effect, because the financial planning parameters are based on them.

In the request which follows the Bundeswehr plan for the next budget/financial plan of the federal government, this price index is maintained for another year; however, the date of the price index is 31 December (Figure 2).

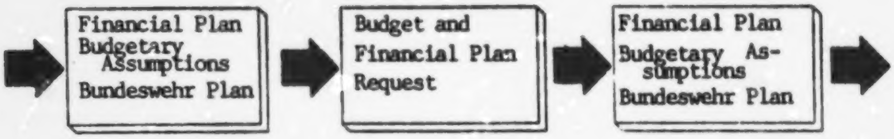

Figure 2

This state of affairs has to be considered when planned costs or budget appropriations are shown and especially when they are compared to each other.

Two price levels define the price increase rate(7) which, as a general published price increase index, constitutes a very general statement that is only useful for very rough estimates. Using it for lump sum computer projections in specific planning and expense categories is just as improper as applying it to specific investment plans.

Detailed considerations make it rather necessary to establish the applicable price increase rates, because these could deviate considerably from the general rate of price increases and also from one another.

Aside from price increases which depend on the national economy, there are frequently increased costs for planned activities--for instance, planned development and procurements--when years may pass from the initial blueprint to the time that delivery is made to the user. Cost increases cannot, however, be totally excluded, and a constant effort must be made to improve cost calculations in the early planning phase in order to avoid the need for future cost corrections as much as possible.

In any case, price and cost increases represent planning risks; demands have therefore been made on the planning process to consider both future price increases and to provide a cushion which can absorb anticipated cost increases.

At first glance, this demand appears to make sense and to be reasonable; however, if planning were to follow it, then price increases and cost overruns could even be triggered. As the proverb says, he who expects something will not be disappointed by his prognosis. Be this as it may, the "inclusion of inflation rates and anticipation of cost overruns" in planning for a period that is several years in the future is pure speculation. It would, therefore, be highly improper to proceed in this manner.(8)

Bundeswehr plans, just like the finance plans of the federal government, are presented with fixed prices. Long-term planning content must be held to an upper budgetary limit which is created by the fact that the last year of the federal financial plan(9) extrapolates only "real zero," that is to say without any of the increases which could be expected considering the nature of the financial plan.(10)

Such a statement should not be made, however, without the comment that "to plan with fixed prices and with a real-zero extrapolated upper financial limit" also implies the following:

Bundeswehr planning is basically dependent on full adjustment for price increases caused by the national economy due to the annual reassessment process of the federal government's financial planning to obtain in fact the resources which have been identified as budgeted expenses for the long-term period.

If this adjustment is made only partially, then the reassessment process in Bundeswehr planning necessarily leads to the displacement of substantive content, which means that certain planned actions must be postponed to later years, extended over time, or--under the most unfavorable conditions--dropped altogether.

How Are Plan Years Counted?

Bundeswehr plans reflect the planned development of the Bundeswehr for a 15-year period; however, in this process:

--the 1st year is identical with the current fiscal year

--the 2d year is identical with the year of the budget estimate (Figure 3).

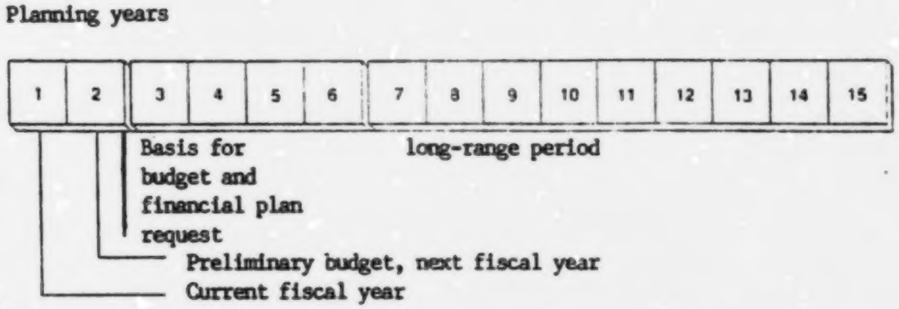
Planning years
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
Basis for budget and financial plan request
long-range period
Preliminary budget, next fiscal year
Current fiscal year

Figure 3

The 3d plan year is, therefore, the first real plan year and the Bundeswehr plan is always designated by that year.

The purpose of the results of plan years 3 to 6 is to influence the upcoming budget and the upcoming financial plan of the federal government. "Long-term" planning begins with the 7th planning-year.

Thus, Bundeswehr plans encompass 13 future-oriented plan years: Bundeswehr plan 87, for instance, extends from 1987 (3d plan year) to 1999 (15th plan year).

The results of Bundeswehr planning need to be adequately explained lest misinterpretations, and at times even dangerous miscalculations, occur.

Some examples:

--Total cost for personnel consist of wage/salary costs and so-called secondary personnel costs. The former are identified in the Bundeswehr plan as well as in the budget as "personnel expenditures, primary category 4;"(11) the latter, however, are included in "other operational expenses." Moreover, when listing personnel expenses it is important to note whether the sum in question does or does not include so-called personnel reinforcement resources, which are added later to the defense budget in accordance with individual plan 60 of the federal budget and which correspond to the contracts negotiated during the annual wage discussions (collective bargaining). The sums involved may amount to several hundred million.(12)

--When considering the planning results relating to "materiel maintenance and operations," the concept "operations" is often defined much too broadly. In fact, the operations of the Bundeswehr per se are not involved, merely the operation of air fields, harbor installations, depots and other supply installations. The cost of actual operations--e.g., for training, maneuvers, fuels, building maintenance, property management and buildings--are included among "other operational expenses."

--When considering the expenditure category "research, development and testing," it is important to know the structure of this planning and expenditure category lest miscalculations result. The category "research, development and testing," in broad outlines, is structured basically as follows:

--research outside of military technology	<1 percent
--military technology	~8 percent
--technology activities	20-25 percent
--operation research	~2 percent
--weapon systems and equipment development	60-70 percent.

These figures are always related to the total planned costs (100 percent) of this expense category.(13)

--With regard to the procurement of weapon systems and equipment, reference is made both to "materiel investments" as well as "military procurements." Both concepts appear to cover the same ground. However, "military procurements" include, for instance, costs for training ammunition; "materiel investments," on the other hand, do not. The substance of both concepts may, therefore, differ by half a billion or more.

Different sums are also obtained when comparing planning conclusions with budget appropriations, depending on whether the comparison is made with the draft, the target or, finally, the actual budget line item.(14)

Long-Term Planning: Vulnerable but Necessary

Plans which extend more than 10 years into the future are naturally largely dependent on assumptions and estimates. To that extent, they are vulnerable; on the other hand, one cannot do without them since current political and technological circumstances are such that short-term response times to future developments are no longer adequate and it is becoming increasingly more important to prepare rather early for potential risks.

It is obvious that such planning conclusions, which have been revised repeatedly over the years before being finalized as assumptions and estimates, could be replaced to an ever greater extent by facts and actual calculations.

For that reason, planning results--particularly of long-term planning--can only be measured by the degree of probability of their underlying initial values. As unsatisfactory as planning results may be, they always indicate where and how changes and improvements can and must be made. For that reason alone they are indispensable for the future planning process, the basic function of which is to constantly reassess planning results from Bundeswehr plan to Bundeswehr plan, to adjust them in line with changed assumptions and new circumstances, and to shape all parts into a whole that is as harmonious, balanced and self-contained as possible. This planning process is primarily concerned with long-term periods.

Concluding Comments

These comments could by no means include and treat all the basic reasons for misunderstandings and misinterpretations when results of Bundeswehr planning are being discussed.

Some other reasons can be found in:

--the difference between defense budget (individual plan 14) and defense expenditure in accordance with NATO criteria

--planning with alternatives

--comparing costs of modern and older weapon systems (e.g., TORNADO and STARFIGHTER)

All-inclusiveness was not, however, the goal of this article. Its purpose was rather to direct attention to overall problems on the basis of selected examples, some of which have fundamental significance, and to warn against hasty conclusions when judging Bundeswehr planning and thereby contribute to a better understanding of the planning process.

FOOTNOTES

1. "Brockhaus Encyclopedia," Wiesbaden, F.A. Brockhaus, Vol 14, 1972, p 658.

2. Planning categories are: organization, personnel, operations (including training, infrastructure), materiel investments (including research and development).

3. See also: Paul-Heinz Firmenich, "Die Abteilung Haushalt" [The Budget Department] in WEHRTECHNIK No 3, 1983, pp 20 ff.

4. Decree on "Bundeswehr Planning in the Federal Ministry of Defense", Federal Minister of Defense, FUS VI 1. Az 09-01-20 of 15 Sep 83.

5. "Der Verteidigungshaushalt 1984 (Entwurf) Erlauterungen und Vergleiche" [Defense Budget for 1984: Explanations and Comparisons], Federal Minister of Defense, 5 Sep 83.

6. "Haushaltsreife" [readiness to be included in the budget] and "Kassenwirksamkeit" [readiness to become a line item] means that there actually is funding authority in the corresponding federal budget (individual plan 14) for the intended activity in accordance with legal budgetary principles.

7. Related concepts are: cost-of-living index, inflation rate, deflator.

8. See also "Law for the Promotion of Stability and Growth of the Economy" of 8 Jun 86.

9. For example, the last year of the federal financial plan for the 18th financial plan was 1988; for the currently operative 19th financial plan, 1989.

10. The average rate of increase in the 19th financial plan was about 1.9 percent from one year to the next.

11. "Individual plan 14 consists of a total of 22 chapters. Each chapter in turn is divided into items, a structure which applies to all individual plans whereby the first number of the title represents the primary category, the second the major category and the third identifies the specific category." Firmenich, op. cit., p 29.

12. The 1986 budget contains about DM560 million for salary increases (personnel reinforcement resources for individual plan 14).

13. The 1986 defense budget provides about DM2.6 billion for research, development and testing.

14. The 1984 defense budget, for instance, was set at DM48.03 billion in the draft, at DM47.85 billion on the debit side, and DM47.75 billion on the credit side.

12628/9312
CSO: 3620/708

FRG LEADS IN NATO DEVELOPMENT OF ANTI-RADAR MINIDRONE

Bonn WEHRTECHNIK in German May 1986 pp 91-92

[Article by Erhard Heckmann: "Anti-Radar Minidrone"; first paragraph is WEHRTECHNIK introduction]

[Text] In 1976 the TaF was established for the anti-radar minidrone, which at this time was the basis of the German-American LOCUST program but which was subsequently abandoned due to various reasons (lack of sufficient funding). However the TaF has continued to operate but has adapted to changing military threats. The anti-radar minidrone is intended to shut down enemy air defense radar and to thus facilitate successful aerial attack. This is more or less the objective of the USAF WILD WEASEL (F-4 with interference and air-to-ground weaponry), which operates without intruding on aerial operations. For this reason the drones have been assigned two equally weighted tasks: attack and destruction of the target and also to compel the enemy to shut down their radar because of the presence of the minidrones.

The FRG's programs are probably the most advanced in NATO, although similar programs exist or have existed in other countries, such as Great Britain, Israel and the United States. However, at present FRG is not inclined to establish governmental ties of this type with these countries because it wishes to maintain its role as a producer during this current defining phase of development. All three teams have their own responsibilities during the weeks of this early defining phase:

--BGT with Boeing using the Boeing small flying instrument BRAVE 210 PAVE PANTHER (BGT designation Hornet) and the tested Texas Instruments (TI) seeking device built into it.

--Dornier, with its own delta winged small flying instrument and a narrow band seeking device developed from Israeli aircraft, or also with the TI device.

--MBB with its more sophisticated cross-winged small flying instrument from the TUCAN experimental program and with the seeking device derived from the anti-radar weapon ALARM, but which could also accept the Texas Instruments seeking device.

An MoU with Israel would signify a prior decision for Dornier, and one with Great Britain would indicate deciding in favor of MBB. However, the competing firms must maintain amicable relations at least during this determination period and until such time as the developmental phase is lead by a single team. The projected time frame envisions the beginning of the complete development in 1987 and operational readiness for the beginning of the 1990s.

On the American side, the USAF PAVE TIGER/PAVE PANTHER programs (both Boeing) were discontinued due to congressional pressure because these systems could not be developed within two years. It was found that the greatest difficulties centered on integrating the seeking device in the drone.

The Israelis did not receive their seeking device technology from the Americans and thus were compelled to develop their own narrow band seeking instrument. This was done by a division of IAI. The Israeli anti-radar drone is currently undergoing testing.

The British have at this time an Air Staff Target (AST 1221), and thus not yet a staff requirement. A drone system will probably be introduced toward the mid-1990s. At present the British defense ministry is engaged in determining combat readiness standards, and industry has not yet been approached and no developmental phase has yet begun. The government apparently prefers instituting a cooperative project with the Germans. Thus some British firms have already approached German ones in order to establish rapport with the anti-radar minidrone in the hopes that German military standards will be used to formulate the (air) staff requirement in some form or other. It appears that Marconi, Flight Refueling, British Aerospace and other British RPV producers will be looking for German partners. On the other hand, MBB also opted for Anglo-German cooperation in the development of the Marconi seeking device.

This small drone is intended to attack air defense installations some 80-100km behind the front. This instrument is estimated to measure 2m^2 with a takeoff weight of 100kg. The flight path, possibly including waypoints, is programmed shortly before takeoff. The drone then flies to the target area and can remain in the area up to an hour. Flight apparatus is laid out like munitions, i.e., they are delivered in locked containers and are fueled and programmed for the target area shortly before takeoff. The drone is also equipped with a self destruct device, which can be triggered if it fails to locate the target. The drone then destroys itself in the air so that the enemy is unable to use it for investigating its technology.

As a result of the twofold task of destruction of the target and to compel the enemy to shut off its radar, the IABG is currently investigating whether the drone should be equipped with a transmitter or with a Luneberg lens or a transponder so that it can indeed be detected by the enemy. This would force the enemy to deploy costly flight equipment against the drone or to shut down its radar facilities being targeted by the drone, thus achieving the objective of suppressing enemy air defense capabilities for its own aircraft during the time of a drone flight.

The seeking devices for the small drone anti-radar need not be as complex as, for example, those devices in the anti-radar projectiles HARM or ALARM, because they are not borne at supersonic speeds, which require very rapid decisions, but rather are transported at relatively slow velocities (approximately 200km/hr). This reduces the cost of the seeking device by practically one order of magnitude. The seeking head is developed for broad band use and is intended to be capable of attacking the most desirable of the targets. The relationship between warhead effectiveness and target accuracy must also be equalized (optimized). The warhead should be capable of damaging the target sufficiently to put it out of working commission. Highly accurate drones require thus only a single small warhead, while a heavier one would be utilized when less accuracy is required. Studies of this nature are presently being conducted in this initial research stage.

One can realistically estimate the small drone anti-radar system cost at approximately 300,000 DM, of which 250,000 DM are used for the flight mechanism. It is estimated that the air force will require several thousand units. These small flight projectiles, armed with different seeking heads and warheads, could conceivably be utilized as armor defense drones as well, and this would mean that several thousand more could be added to the arsenal.

13225/9835
CSO: 3620/705

ADDITIONAL DETAILS ON HELSINKI-CLASS MISSILE BOAT KOTKA

Helsinki HUFVUDSTADSBLADET in Swedish 17 Jun 86 p 16

[Article by Thure Malmberg: "'Our Missile Armament Is one of the World's Best'"]

[Text] "The missile armament we have is among the best in the world. The Swedish manufacturers maintain that our missiles are better than Exocet and practically think for themselves," said RADM Juha Tikka to HUFVUDSTADSBLADET on Monday, when he accepted the fourth and presently last unit of the Helsinki class.

The new missile boat delivered by Wartsila's Helsinki shipyard was christened the "Kotka" by Mrs Anniki Hiltunen during a brief ceremony at the shipyard at Sandviken.

Immediately afterward the guests invited to the christening boarded the ice breaker "Urho," in order to witness the actual commissioning ceremony at sea between Grahara and Helsinki caisson.

There, the new "Kotka" demonstrated some of her impressive speed when the missile boat, together with its sister ships "Helsinki" and "Oulu", gave a performance.

"These boats can make about 30 knots," said Rear Admiral Tikka, who did not reveal the exact speed, however.

Speed is important for the "Kotka's" combat and patrol service, but even more expensive is the electronic equipment and armament.

"We were able to stay within just one percent of the 580-million-mark budget we were allocated in 1982 for the four new missile boats. First the 'Helsinki', which was a prototype, was built and then the 'Turku', 'Oulu' and now 'Kotka' were delivered. All come from Wartsila's Helsinki shipyard," Rear Admiral Tikka said.

"The armament costs more than the actual ship construction. Sweden is responsible for nearly the entire weapons delivery with a Bofors 57 mm general purpose gun, Swedish Philips' fire control system and Bofors-Saab's RBS 15 SF missiles specially developed for Finnish conditions."

"From Norway comes the Shimrad submarine surveillance system. These boats can monitor submarines, but in contrast to the corresponding Swedish units they do not have the same capability of destroying submarines. We only have depth charges for antisubmarine warfare, and their effect today is debatable."

"Despite the fact that the missile system is imported, I believe that today we would be able to build these missiles in Finland as well. We have the know-how, but it would not, on the other hand, be profitable to develop such small series as we need. The missiles cost several million marks a piece," Rear Admiral Tikka says.

The construction price for the "Kotka" is said to be about 70 million marks. In wartime service her armament includes 8 missiles per boat; in normal peacetime only two training missiles have been adapted. The length of the boat is about 45 m and the width about 9 m.

The new missile boats have a crew of 30, 9 of whom are enlisted and the remainder recruits. According to Rear Admiral Tikka the Navy has no difficulty getting good people; the problem is rather that there are too few slots.

"The Helsinki-class boats will be in active service as late as the next century. Warships are expected to have a considerably longer life than merchant vessels, and in principle it is conceivable that the boats will be thoroughly modernized at least once after about 12-15 years."

"In view of the fact that the oldest patrol boats in the naval forces--the so-called R class--were built in 1957, and that the Nuoli class is also beginning to get old, we should absolutely order a continuation of the Helsinki class."

"Construction time is long, 3-5 years, due to, among other things, the subcontractors. For the 1990's we would need a new Helsinki flotilla of four boats, perhaps stationed in Orrnas as an alternative to the present base at Pansio," Rear Admiral Tikka said.

11949
CSO: 3650/249

MILITARY NORWAY

ADDITIONAL DETAILS ON PURCHASE OF SAAB-SCANIA TRUCKS

Oslo AFTENPOSTEN in Norwegian 12 Jun 86 p 47

[Article by Lars Ditlev Hansen: "Saab-Scania's Contract With Norwegian Armed Forces: Repurchase For 800 Million"]

[Text] When the Armed Forces go abroad to buy material, this often carries with it repurchase agreements of major significance to Norwegian industry. Yesterday the Army's Procurements Office signed a contract with Saab-Scania for the purchase of 1,600 trucks worth 950 million kroner. In return the Swedish company will do approximately 800 million kroner worth of business with Norwegian industry. The agreement affects approximately 30 Norwegian firms and covers both the purchase of products and cooperation in research. In addition Saab-Scania will open an automobile cable factory with 50 to 100 employees in Norway.

In the protocol on industrial cooperation between Saab-Scania and Norwegian firms which was signed at the same time as the armed forces contract there are agreements for, among others, the Kongsberg Arms Factory, Raufoss Ammunition Factories, Ardal and Sunndal Works (all well established as suppliers of car parts), Electric Bureau, Fibo and Simrad. Bertil Krook, Saab-Scania's vice administrative director, told AFTENPOSTEN that the Swedish company will undertabke cooperative research into new alloys and production techniques with Kongsberg, Raufoss and Ardal and Sunndal Works. The reasons for this research is that it has become increasingly more important to reduce the weight of materials.

More Research

The industrial protocol sets aside for repurchase an amount equivalent to the value of the 1.600 trucks, though without value-added tax. The size of the repurchase agreement with Norway is about what is usual in such contracts, Krook said.

"But this agreement contains many more research projects than we have had in earlier repurchase agreements. We believe this will open up prospects for long-term cooperation with Norwegian firms, and I think we will find solutions which are good both for the Norwegian firms and for us," Krook said, pointing out that several of the industrial agreements had been made on their own without the Armed Forces' contract.

The industrial agreement will affect all parts of the concern's high tech activities--airplanes, space work, robot production and cars, he stated. He sees good prospects for cooperation on space work with the Kongsberg Arms Factory, for example, when Norway joins in European space cooperation.

Development Prospects

Krook declined to say which of the industrial cooperation agreements he considers to be the most profitable to Norwegian industry. "We have not set price tags on the agreements. I think the most important thing is that Norwegian industry will be connected to all of our activities and that this will provide development prospects which are worth much more than the amount of the repurchase agreement."

The industrial protocol also calls for Saab-Scania to set up a factory in Norway for the production of automobile cables. The factory is to be put up within the next year and will have 50 to 100 employees. Where the factory will be built has not yet been declined, Krook said.

Saab-Scania fought for the contract for many years, first against 13 different producers, later against only 3, and at the last stage the competition was with Daimler-Benz. As far as AFTENPOSTEN has ascertained, there were no major price differences between the producers, but it is clear that the industrial cooperation agreements have had a certain political significance.

50-60-Year-Old Cars

The 1,600 Swedish trucks will replace the Army's oldest trucks. When the last trucks are delivered in 1994, the oldest will be between 50 and 60 years old, Major General Karstein Kristiansen observed when the contract was signed. The procedure for replacing the vehicles, which Norway got for free from the Americans in the early 50's, has been a very long one. Kristiansen stated that, in choosing the vehicles' successors, the Army has emphasized its wish to find a supplier for each and every vehicle regardless of size, and that the supplier have a well developed non-military service network in Norway.

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SUBMARINE HUNTS IN VIDINGEFJARDEN, NEAR GOTLAND

Paper Lauds 'Intensive' Action

Stockholm SVENSKA DAGBLADET in Swedish 9 Jun 86 p 2

[Editorial: "Threat to our Independence"]

[Text] Once again, the navy has conducted an intensive submarine hunt. The recent operation was conducted in Vidingefjarden in the Stockholm Archipelago.

A large area south of the Soderarm Military Region was blocked off. Indications of submarine activity were seen on Wednesday. Antisubmarine grenades and depth charges were used repeatedly on Saturday.

It is a virtual certainty that, once again, Sweden has been the victim of serious submarine intrusions. Thus, there are no indications that Prime Minister Ingvar Carlsson's visit to Moscow has made the Soviet Union and the Warsaw Pact stop violating our borders. On the contrary, there are clear indications of the opposite.

This underlines the simple fact that if our boundaries cannot be secured by military means, then political means are also insufficient. Sweden cannot fail to draw the military conclusions of this situation.

We are subjected to purposeful penetration by a potential military enemy. We have evidence of this. The grounding of the U-137 near Karlskrona, the events in Harsfjarden, and the activities of Polish picture sellers are evidence that follows a similar pattern. The Soviet Union and other Warsaw Pact countries are planning acts of sabotage against military facilities and military personnel. The goal is to facilitate an outright attack against Sweden.

With the possible exception of Japan, Sweden has been forced to hunt submarines more often and more intensely than any other country in the world. This is necessary to protect Sweden from violations of its territory. This indicates that we are more vulnerable than other countries, in part because of our geographic location and in part because the planning of the Soviet superpower clearly includes Sweden as a probable theater of war.

Japan's experience is one of many confirmations from other countries of the difficulty involved in forcing a submarine to the surface. At the same time, it must be said that we have extensive documentation on the violations and irrefutable proof of their occurrence and, in many cases, of the identity of the perpetrator.

But the Soviet Union will not voluntarily stop its plans for sabotage. Soviet representatives must be forced into this position by making the intrusions cost more than they are worth. The grounding of the U-137 was obviously not disgraceful enough to make the Soviet Union refrain from such operations.

As a result, Sweden, through its own efforts, must force the Warsaw Pact to revise its risk calculations. This means that the navy must capture a submarine, either by sinking it or forcing it to the surface.

Beginning now, this must be an operative goal of the highest priority. Our ability to protect our boundaries and to prevent at least purely military preparations within our own territory for an attack against Sweden is a fundamental prerequisite for credibility in our security and neutrality policies.

The submarine hunt can be compared to the hunt for Olof Palme's murderer. The unqualified operative goal for the police is to capture the murderer and bring him to justice. The unqualified operative goal of the Swedish military is to catch in the act those who are preparing for a military attack against Sweden.

The difference between the hunt for the murderer and the hunt for the submarines is that, in the latter case, we know who the guilty party is, but we need more clear evidence of the type offered by the U-137 when it ran aground on the rocks of Gasefjarden.

Sweden is being penetrated by Soviet military units. Picture sellers are sent from Poland to make preparations for the murder of our fighter pilots. The overall picture is clear. It is a matter of de facto planning for war, which is far more serious than ordinary espionage.

This has given our security situation a new and more serious dimension which, in turn, requires that more information be given to the public. Ultimately, security and defense policy is shaped by the citizens. As a result, they must have knowledge of Sweden's security status.

For SVENSKA DAGBLADET, information on events that are relevant to our defense and security policy are a journalistic imperative. Therefore, with more consistency than any other member of the media, we have told our readers about both the individual events and the overall picture of the new situation.

According to all indications, the submarine hunt in Vidingefjarden will be without results, although it will not be without evidence. On the other hand, it is and will continue to be a challenge to renew our efforts to capture those who are making a direct and ruthless threat against our independence.

Suspected Submarine Off Gotland

Stockholm DAGENS NYHETER in Swedish 16 Jun 86 p 6

[Article: "New Submarine Hunt near Gotland"]

[Text] On Sunday the military on Gotland conducted an extensive search in the area between Gotland and the islands of Stora Karlso and Lilla Karlso. This occurred following a reported sighting of a submarine in that area.

"A reliable source observed something we believe we should investigate," the military in Visby stated in its brief comments.

The observations were made at lunchtime and the military began investigating immediately. Normally, an investigation will begin that quickly only if the source is close to the military.

It is probable that the observation was made by a coastal patrol boat. Delegates from the Stockholm Conference were visiting the Karlso Islands on Sunday and they were escorted by coastal patrol boats.

The military does not wish to speculate over exactly what was seen, but maneuvers are now underway northwest of Gotska Sandon, in which West German submarines and other vessels are participating.

9336
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AIR COMBAT CONTROL CENTERS ADDED TO STRIL 90 SYSTEM

Stockholm FLYGVAPENNYTT in Swedish No 2, [no date given], pp 4-9

[Article by Lt Col Mats Bjorling: "Stril 90; the Air Force's New Tactical and Air Defense Control System"]

[Text] The Supreme Commander's level of defense is necessary!--The Stril 90 design described below is part of the present plans for the Supreme Commander's 1985 program plan level and for higher planning levels.

It is likely to be necessary for an attacker to limit the effects of our air defense in the initial phase. If the attacker finds it necessary to attack the Stril [Swedish Tactical and Air Defence Control] system in order to reduce the power of the air defense, he will try to do so. A reduction of the power of the Stril system will result in poor monitoring and control of the air space. The attacker will thus reduce his aircraft losses. When the power of our air defense is reduced, it also means increased opportunities for the attacker freely to utilize his airborne forces.

No early warning--A reduction in the effect of the Stril system also means that when our armed forces and the civilian population most need the early warning, they cannot get it. The total defense therefore has to function under heavy aircraft pressure and without early warning. The consequences of this are obvious. As examples may be mentioned:

--How do Army units carry out regrouping without air defense information?

--How will it be possible to alert the civilian population without basic air situation data?

--How will important wartime production be affected, when there are constant risks of attacks without early warning?

The Stril system is of very great importance for the total defense. The capability of optimally commanding the aircraft and air defense units may become decisive for the outcome of an attack against our country. An adapted investment in the Stril system appears as very urgent since, in addition to fighter and air defense command, the need to protect armed forces and population through early warning will remain undiminished.

The greater part of today's materiel at the Air Force's Stril centers will have reached the end of its technological life by the end of the 1980's. This will largely coincide with the fact that new types of data sources as well as changes in coordinating systems will require adaptation measures to such an extent that replacement of the materiel will become necessary. Thus, it is not possible merely to modify Stril 60. New technology and new functions provide increased effectiveness for the Stril system. New technology also means improved opportunities for meeting new tactical demands in the future.

Studies of the future shape of the Stril system have been continuously conducted since the end of the 1960's. The result of the studies, together with other tactical and technical demands, result in an altered structure for the Air Force's future Stril system in comparison with Stril 60. For this reason the concept "Stril center materiel replacement" has been abandoned, since the aim is to build up an entirely new Stril system--Stril 90--with new air defense centers etc.--Strilc 90.

The governing factors for the final form have been the tasks which the Stril system must perform in the future and the threat environment in which the system has to function.

The duties of the Stril system remain unchanged and are:

--Meeting the demands of the fighter units for early warning and command.
--Air defence control.
--Monitoring other aircraft systems.
--Emergency warning command.
--Air defense command.
--Air defense information (lufor).
--Base alarm announcements.

Beyond these wartime duties, the Stril system in peacetime has extensive duties regarding air defense and tactical control for our incident preparedness.

Threat Picture

In recent years the major powers have strongly increased their capacity for offensive airborne warfare and for transportation of troops and materiel by air. New aircraft and helicopters have been introduced with considerably greater cargo capability and range. The number of airborne units for offensive warfare has increased. in particular in the East. The increase has taken place largely by giving formerly defensively oriented units offensive duties instead.

In the event of war, an attacker's airborne forces and airborne landing capacity will constitue a major threat to Sweden. There is risk that serious damage will be inflicted on our population and our civilian society, and the fixed installations of the total defense become desirable targets. Our mobilization can become exposed to combat through air attacks and attacks from air-landed troops, and our command organization, as well as our armed forces on land, at sea and in the air will become important targets.

One conclusion, which must be drawn from the abovementioned threat picture, is that it is more important than ever for Sweden to have a strong air defense.

In order to be able to meet the threat, active air defense components are needed, such as fighters and antiaircraft defense. The fighter units thereby represent the most important component because of their mobility across the surface with rapid mustering of strength and great fire power. It is necessary for the fighter system to be of high quality in order to achieve success in one-on-one situations. It is just as important, however, that the quantity is sufficiently large in order to be able to cover our entire long country, and that it has endurance.

Similarly, the Stril system must be balanced in order to be able to complete its duties across the entire country both initially and after combat. The system must have endurance and be flexible.

The Building of the Stril 90 System Has Already Begun

The development of the high-altitude radar has progressed furthest. The PS-860 chain is almost completed. The radar station has very good performance characteristics, even in a jammed environment, with a range of about 300 kilometers. It can also be protected against attacks.

In order to achieve low-altitude coverage, a similar chain is being procured using the PS-870 low-altitude radar. This station as well is jam-proof and resistant to combat. The range is about 100 kilometers.

However, the largest future project is Strilc 90--the tactical and air defense centers of the 1990's.

Strilc 90. Command and tactical command in the present Stril system can be said to take place at two levels:

--A command level, where tactical command takes place and information is given.
--A tactical level, where gathering and air combat command takes place.

In the present system the functions of the command level are carried out at the air defense center (lfc). The duties of the tactical level can be carried out both at the air defense center (type 1) and at a radar group center (rrgc).

In the new system both levels will remain functionally and organizationally in the form of a command unit (LE), a reduced command unit (redLE) and a tactical command unit (SE). The three types of units are defined according to the following:

Command unit, LE: The overall command over the sector's allotted Stril and fighter units is carried out from LE. Further, certain other air units and air defenses are commanded from there. The information-giving task of the sector in the form of air combat order transmission, air defense order transmission, sector reporting and alert activity is controlled from the LE.

Reduced command unit, redLE: Reduced LE means a command unit which is limited as regards function and capacity.

Tactical command unit, SE: The SE undertakes target tracking, tactical control, air traffic control and control of optical air surveillance.

Stril centers of varying capacity can be created by various combinations of the LE, redLE and SE modules.

The project includes all LE, redLE and SE materiel, as well as capabilities at the centers for:

--data processing
--presentation
--communications as far as the outer points of the centers.

The new centers will also meet the need for basic and advanced training within the Stril system. This is why the present training facility at F18 is being dismantled and the new centers being made operational. In order to cope with that task, the training and simulation functions will be integrated at each Stril center.

In comparison with Stril 60, Stril 90 will result in reduced operational and maintenance costs primarily because of rationalizations in the peacetime activity. The number of simultaneously utilized facilities for peacetime production and incident preparedness will be minimized.

Uniformly constructed Stril centers across the country will also mean reduced costs for training of tactical and technical personnel.

Technical Policy

Strilc 90 will be taken into operation during the 1990's. Of overwhelming importance is the requirement that the system should have a very long lifetime (at least 20 years), low lifetime cost and demand a minimum of technicians for operation and maintenance. The long lifespan will surely mean that the system will need to be modified and modernized several times during its life. Methods and aids (so-called tools) which are required for making such changes will therefore be built into the system.

These overall requirements are satisfied by making the system into a modular system, in which the interfaces between the modules connect to generally accepted standards. This, in combination with the demand for a high-level language, preferably Ada, is intended to make possible utilization of existing standard products in the form of software and application programs, as well as hardware to a large extent.

The system will also fulfill the security requirements imposed by SAKDATA 85. This will affect the technical solution.

Interfacing

In working on the specifications for Strilc 90, the possibility of cooperating and communicating with the other systems within both the Air Force and other parts of the general defense was taken into account.

In so doing the JAS 39 Gripen aircraft system poses new and dimensioning requirements on the Stril system. In comparison with the present aircraft system 37 Viggen, the exchange of data between the ground and the aircraft in its fighter, reconnaissance and attack role will increase substantially.

This applies both to data transmission of information from Stril to aircraft and the reverse. The information is to be received, processed and presented in the Stril system.

In certain cases the Stril system will take care of passing on the information to other interested parties, such as a sector staff. At the same time Strilc 90 must gather information from other systems. One precondition for a smooth exchange of information is that the development takes place according to joint standards. Measures have been undertaken in order to coordinate the development of the information system within the Air Force.

The Defense Materiel Agency (FMV) is working on the development of an airborne radar for monitoring the air space and sea and, to some extent, the ground. The radar, called PS-890, will considerably improve our low-altitude coverage and endurance. By the fact that the system is airborne it becomes flexible and can rapidly be employed where it is best needed.

The system being studied consists of a small turboprop aircraft with an oblong antenna mounted on top. The antenna will be electrically controlled. This enables it to scan a broad sector prependicular to the direction. The radar will be included as a sensor in the ordinary Stril system. The information will be transmitted to one of the SE units for further processing and integration with other air situation data.

The Stril system will also be supplemented by passive measurement systems. The old optical air reconnaissance system will be retained and modernized. At the Strilc 90 center, optical situation information is overlaid onto an air situation indicator integrated with other information.

Already acquired mobile radar group centers (see below) represent a component of Strilc 90, which provides the system with greater capacity and reduced vulnerability.

Construction Activity, Installation and Commissioning

The expansion of the Strilc 90 centers will take place in the early and mid-1990's. The work at each center will include fortification measures, teletechnical installation as well as testing and commissioning of the installed materiel. Depending on the facility, the fortification aspect of the rebuilding will be more or less extensive.

The test phase for each facility is comparatively brief and includes primarily tests in combination with actual operational systems. In order to stay within the narrow time frame, it is required that there be extensive testing and test operation of the system even before installation.

During the conversion period, major demands for retained tactical operation are called for. This can be achieved through modern technology and certain adjustment measures.

Specifications

Development funds for the Strilc 90 project have been included in the plans since 1982 and in series procurements from 1987. The magnitude of the project means that the government's permission is required--both before starting development (step 1) and before serial acquisition (step 2). The administration gave its consent to step 1 in the summer of 1982. In this connection a project organization was formed, which is responsible for planning, procurement and commissioning Strilc 90. Representatives of the Air Force, the Royal Swedish Fortifications Administration and the Defense Materiel Agency are included in this project organization.

Intensive specification work has been under way since then. At most, about 50 people from the Air Force, Defense Materiel Agency, industrial and consulting companies were involved. From the Air Force about 20 tacticians from various Stril units participated for about 3 years, using their own experience in drawing up the specifications for the tactical functions and requirements.

The results of the specification work have now been compiled and represent a good foundation for the imminent procurement.

In certain cases a function has been specified with a high level of detail. This applies to the tactical, target-tracking and radar control function, for example, where through our own product development we have arrived at a suitable form and function. In other instances plenty of room has been left to the supplier himself to propose form and function.

Procurement

During the course of the work it was presumed that Strilc 90 should be procured in a competitive situation.

However, in January 1986 a government decision was made that negotiations about procurement of Strilc 90 may only take place with a Swedish prime contractor. The assumption for this is, however, that it is possible to assure fixed conditions with regard to the content, financing and time frame of the project. This change does not affect the time planning.

According to the present plans, the decision will be taken in the spring of 1987, when the contract with the principal contractor will be signed.

Mobile Radar Group Center

During September 1985 the first mobile radar group center, rrgc/T, was delivered to the Air Force. It will be used in sector NN in order to form a resource for unit production, among other things. During the past 6 months additional such units have been delivered to the Air Force.

The rrgc/T consists of a telecommunications room and up to three indicator rooms. The function resembles that of a fixed radar group center (rrgc/F). However, the two types of centers should not be equated. The mobile centers are served by a Stril platoon. Normally, the mobile centers are coordinated with PS-860 in order to get a locally connected radar. Several radar stations of other types are also connected.

The mobile radar group center has a long development phase behind it. Things have not progressed entirely without problems; there were many pitfalls. But with major effort the Defense Materiel Agency has managed to develop our product--longed for for years.

We in the Air Force have looked forward to the mobile radar group center and now it is here. The technology is new and a major training phase will begin in order to make the radar center efficient in peace- and wartime. As always when new systems are introduced, it is necessary to give man and machine a chance, and to hasten slowly. This also means that the mobilization demands will be balanced against the training and development needs.

With the mobile radar group centers the step has been taken into Stril 90 together with the new, protective-mobile high-altitude radar PS-860, the final delivery of which will soon be accomplished. Stril 90 will not be complete until the remaining Stril centers, as well as PS-870 (the low-altitude radar) and PS-890 (airborne radar), have been added in a few years.

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West Europe Report

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JORGENSEN, PETERSEN: SECURITY POLICY MAY BLOCK COOPERATION

Copenhagen BERLINGSKE SONDAG in Danish 1 Jun 86 p 16

[Interview with Social Democratic Party chairman Anker Jorgensen and Socialist People's Party chairman Gert Petersen by Carl Otto Brix; date and place not given; first paragraph is BERLINGSKE SONDAG introduction]

[Text] Political leaders Anker Jorgensen (Social Democrat) and Gert Petersen (Socialist People's Party [SF]) talk about the things that unite and divide the two parties that are now presenting themselves as an alternative to the nonsocialist government.

[Question] Aside from a possible lack of voter support, what is the biggest obstacle to an SDP-SF government?

[Anker Jorgensen] I prefer to look at the possibilities that exist instead of the obstacles or difficulties. I think the possibilities are greater than the obstacles. But we must be sure that all the things we want to do--the good things that cost money--are paid for. Thigs must be done in context so we don't run into problems. But I am inclined to think that the problems are still not too great to solve. The other area of difficulty is security policy and there we must say that the defense system is the right size. A new defense compromise would probably set roughly the same economic limits. The fact that changes might be made in a number of areas so that we get more for our money is quite a different matter. But that could well be a problem. On the other hand, SF has shifted ground. The party seems willing to come to terms with NATO and abandon the idea of a popular referendum on EC. I think that is a good sign. But I don't think they deserve any praise for this. They have used these things to belabor the Social Democrats with--should they be praised because they stop doing so? No, there is nothing reasonable about that. The important thing is that they are becoming sensible and who knows? Perhaps that will provide a basis for cooperation.

[Gert Petersen] The biggest obstacle is definitely security policy. Of course there are hurldes in the economic and social areas, but I think we can handle those relatively easily, with the emphasis on "relatively."

NATO

[Question] In the area of security policy, the two parties have come closer to each other, but the Social Democrats still support NATO. Will that change?

[Jorgensen] No, I don't think so. We have always said yes to NATO and supported a policy of fulfilling all our requirements, but we have also stressed that NATO and Denmark should quietly seek out all possibilities that might lead to detente. To mention the stigmatized term "nuclear arms," our position is to reject nuclear arms on Danish soil, a position that we have held all along but one that has simply been expanded to meet modern requirements. There is scarcely any reason to make changes here.

[Petersen] The big obstacle is not that the Social Democrats support NATO while we would prefer a nonaligned Denmark. The big obstacle consists of the intensity with which they support NATO. In other words the line about maintaining the close cooperation and the nuclear strategy, the reinforcement policy and military integration--that they will not ease up on these points at all. That is where the problem lies. It is possible that as the discussion continues--also among themselves--the Social Democrats will relax on this and that would make things easier. But we have not issued an ultimatum that the SDP must demand Denmark's withdrawal from NATO.

[Question] Must the Social Democrats stop arranging defense compromises with the nonsocialist parties?

[Jorgensen] The best thing is to have broad support for the defense system, but not on the Conservatives' terms. I honestly believe the SF people want to be able to stay uncommitted on this so that they can keep on hammering away at us--even if they do so a little more quietly.

[Petersen] It is hard to imagine a government that arranges compromises--or, to be more exact, it is impossible to imagine a government in which one party arranges a defense compromise that the other party does not go along with. So the situation will probably be that for a period of time, defense agreements are reached, but no big compromises, thus making it possible in a few years to bring about agreement between the Social Democrats and SF concerning a defense structure that will mean the start of a process of arms reduction.

EC

[Question] If SF is part of a coalition government, can the party continue to work for Denmark's withdrawal from EC?

[Jorgensen] If they join the government, it must be on the basis of a real acceptance of the fact that Denmark is a member and they cannot demand withdrawal as long as the government is in power. Not even as a party--party and government must be in agreement. SF's change in attitude probably also has something to do with the fact that there has been a popular referendum on the matter. Regardless of what one thinks of the referendum, it did indicate support for EC, so not much would be gained from having a referendum on withdrawal.

[Petersen] Yes, I think so. It is clear that we cannot do this through the government, but we can do it through party agitation. We would be part of a government in capitalistic Denmark and we will agitate for the abolition of capitalistic Denmark to make room for a socialist country. And in the same way we will work to create majority support for a free military status for Denmark. One might have to have one policy as a member of the government and another as a party. Any party that takes itself seriously has its fundamental long-range goals--while at the same time it must also deal with daily problems--the practical political problems we have here and now. At the same time the party has long-range goals that it must try to win majority support for among the voters but for which there is no majority support in the given situation.

[Question] The Social Democrats have just agreed to a tax compromise with the government and the Radical Liberals. Will it have to break that agreement in order to pursue a joint SDP-SF economic policy?

[Jorgensen] No, the agreement will not be broken. The proportions in the whole compromise must be maintained. One cannot say what the tax percentage will be in 1987, 1988 or 1990, but the proportions of the compromise must be maintained for a number of years.

[Petersen] That is by and large what Knud Heinesen proposed at a discussion meeting in Amager that I attended. He urged us to go along--and then we could tighten things up when we win a majority. But it is not customary to change a compromise from one day to the next and therefore we must probably accept the fact that the tax compromise will remain in existence for several years--although no time limit has been set. In other words we must provide funds for social redistribution from some other tax source and not from income taxes. This is a situation we deplore. The Social Democrats have not made things easier for us.

Labor Market

[Question] The Social Democrats feel a tight income policy is necessary to deal with the Danish economy. Will an SDP-SF government be forced to keep out of labor market wage negotiations and wage conditions?

[Jorgensen] The Social Democrats think, as we have done all along in this extended crisis period, that there is still a need for an income policy. That is precisely what it must be, an income policy. It should not be a wage dictation policy and it must be implemented through cooperation with the labor market factions. Wages are just as important as other economic factors. We want to combine these factors and then, when and if it becomes necessary, we will include them in wages. Doing so is not exactly a sacred principle. But neither is refraining from action. There will undoubtedly be a need for some kind of income policy. This could take the form of recommendations or agreements. I cannot say in advance. But we are in favor of income policy.

[Petersen] I think this is an area where we might well reach agreement. We do not deny that one should regard the national economy as a whole, whether we are talking about profits or wages or rents. But the important thing for us is the consent of the union movement and its members. This has to be voluntary. A government we are part of will not dictate to the union movement and its members. If they reject something as SDP-SF government comes up with, we must renegotiate and present other plans that are better and capable of winning their approval.

[Question] Will economic democracy and job democracy be the basis of an SDP-SF government?

[Jorgensen] If there is majority support for SDP and SF--which we cannot automatically assume in advance--then there will be a good chance of implementing economic democracy. Job democracy is just a new term for what we have said hundreds of times and carried out--although perhaps not enough. It is co-determination, it is joint influence--and now joint ownership rights as well.

[Petersen] I think it must be. But there are hurdles in this area, because we are making a quite categorical demand that economic democracy be real democracy. In other words, members of county and national fund committees must be elected from the floor, by the members--and not through trade union organs. That is a demand. But I also think it is something the people want. We are not demanding the introduction of job democracy with full veto rights on all matters, but we want workers to have decisive influence over safety and environmental issues that affect their own places of employment. And I think the Social Democrats will have a very hard time rejecting this. Also because a proposal concerning economic democracy will probably be subject to a popular referendum and that cannot be won on the basis of a little restructuring. People are not interested in that. Something must be involved that affects their own situation.

Cabinet Posts

[Question] Which cabinet posts would SF be unable to fill in a joint SDP-SF government?

[Jorgensen] I do not think one should make decisions or speculate in any way about this kind of thing. We must make sure that we get the majority we want. And when I say we want it, it is because what I consider the government's very deliberate policy of excluding the Social Democrats has actually polarized political developments in Denmark and fettered the Radical Liberals. Therefore we are forced to operate with another majority. That is probably the only way to end the polarization.

[Petersen] If we get to the point where it is possible to form such a government, no cabinet post would be taboo. On the contrary, we must say that--all depending on the distribution of strength--it is vital for SF to get some of the important cabinet posts too. We will not be put off with the Ministry of Church Affairs. Some key posts must also be included.

[Question] What cooperation possibilities would have to be given up for an SDP-SF government?

[Jorgensen] All possibilities for cooperation should be looked into, including those with other parties. It is not a Social Democratic policy to adopt the same narrow view as the conservative government, which in reality cooperates with us only when they discover that there is a majority against them.

[Petersen] Our demand for the labor majority is that it be self-sufficient if necessary so that it is not forced to have to depend on nonsocialist parties in big economic and security policy situations. They must not have an opportunity to veto a labor majority. With that starting point in mind, we would also welcome cooperation with both the Radicals and the Christian People's Party. We think decisions are more solid if they have as broad a base as possible.

[Question] How do the two political leaders get along with each other?

[Jorgensen] Jorgensen gets along very well with one Petersen or another, actually. We will not create the polarization that the present prime minister represents.

[Petersen] I think we get along quite well with each other. I have a lot of respect for Anker Jorgensen's contributions in the area of security policy in recent years. I want to emphasize that it is wrong when people say that this is something that began when he became part of the opposition. It began during his last years as prime minister.

[Question] What position would you yourself have in a government?

[Jorgensen] I am fairly sure that I would be prime minister.

[Petersen] I would rather be leader of the Folketing group, if I had to be anything. I do not think I am cut out for a cabinet post. But if one is assigned a task, one must perform it. Which one? That's all I intend to say.

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JORGENSEN DEPARTURE AS SDP CHAIRMAN INCREASINGLY DISCUSSED

Auken, Bjerregaard Assuming Duties

Copenhagen BORSENS NYHEDSMAGASIN in Danish 2 Jun 86 p 17

[Article by John Wagner: "Party Comrades Discuss Anker Jorgensen's Departure"; first paragraph is BORSENS NYHEDSMAGASIN introduction]

[Text] Former Prime Minister Anker Jorgensen has increasingly turned the work over to Svend Auken and Ritt Bjerregaard.

Will former Prime Minister Anker Jorgensen turn over the chairmanship of the Social Democratic Party to former Labor Minister Svend Auken at the party's annual meeting in Albrg on 6-7 September?

The question was discussed by Social Democratic members of Folketing prior to the conclusion of the current session of Folketing on Friday.

Ever since the popular referendum was held on the "EC package" at the end of February, Anker Jorgensen has increasingly turned over the tasks requiring political initiative to Svend Auken who holds the dual posts of party deputy chairman and political spokesman.

In a similar fashion, former Education and Social Affairs Minister Ritt Bjerregaard, who is deputy chairman of the Folketing group, has taken over the leadership of the group.

Sources in the SDP Folketing group were unanimous in telling BORSENS NYHEDSMAGASIN that they had never before seen such a "passive" Anker Jorgensen and that his passivity can only be due to careful consideration of whether the time is ripe to turn over the chairmanship and thus the candidacy for the prime minister post to younger forces.

Anker Jorgensen's decision seems to depend on whether or not Prime Minister Poul Schluter is planning to hold a Folketing election before the start of contract renewal negotiations in the spring of 1987. To the extent that the party leaders hope or fear (depending on their temperament) by August that the prime minister is prepared to call an election, Anker Jorgensen is expected to continue. But if there are sure signs that the four-party government will keep going with the support of the Radical Liberals until the end of 1987, many people think there will be a change in leadership at the annual meeting.

Since the government change in 1982, when Anker Jorgensen relinquished government power to Poul Schluter, it has been rumored at regular intervals that there would be a change in SDP leadership. And many "crown princes" have been mentioned. In addition to Svend Auken there is Ritt Bjerregaard, Folketing president and former Finance Minister Svend Jakobsen, former Tax Minister Mogens Lykketoft and most recently, departing Federation of Trade Unions [LO] chief economist Poul Nyrup Rasmussen, who is currently on his way to a job as director of the Workers' Cost-of-Living Fund.

It is a widespread view in the Folketing group that Svend Auken is the leading favorite if the leadership change occurs in September. He is undeniably the candidate who is most popular in the party, especially as a result of his effort to reunite forces in the party and the union movement. The so-called "maintenance allowance scandal" is not much of a handicap in the internal decision-making process. On the other hand the Folketing group's confidence in Svend Auken was shaken before the nonbinding referendum on the EC package when the formerly active EC opponent adopted a clear "yes/if--no/unless" attitude.

Compromise Candidate

Ritt Bjerregaard with her often provocative views is thought to have fallen out with far too many party comrades--especially in the LO unions, where confidence in Ritt Bjerregaard's intentions and ability as leader of "the movement" is at a very low point.

Svend Jakobsen is still the epitome of a compromise--he has never become involved in exhausting fights, either internally or with political opponents, but he has little ability to "sell" the Social Democrats. If the party is in a parliamentary situation where it must try to gain access to the Radical Liberals, the SDP right wing might succeed in presenting Svend Jakobsen as the "wild card" who can guarantee the party new influence.

Mogens Lykketoft and Poul Nyrup Rasmussen are "dark horses"--and at the moment nothing more.

And Anker Jorgensen is party chairman--until further notice.

Jorgensen: Will Retire 'Sometime'

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jun 86 p 2

[Text] The chairman of the Social Democratic Party, former Prime Minister Anker Jorgensen, did not care much for the Gallup poll that BERLINGSKE TIDENDE published yesterday.

It showed that 44 percent of the voters said yes when asked if it would be a good thing for the Social Democratic Party if Anker Jorgensen resigned in favor of a new chairman in the relatively near future.

"I would say yes to that question myself," said Anker Jorgensen. "For what is the 'relatively' near future? I am not a young man (I will be 64 next month) and naturally the party must elect a new chairman at some point."

However Anker Jorgensen did not say that he was planning to retire right away.

In contrast to the first question, Anker Jorgensen was satisfied with the second one, which concerned his successor. And he was also pleased with BERLINGSKE TIDENDE's interpretation of the answers, which indicated that the party's deputy chairman, former Labor Minister Svend Auken, is the favorite candidate for the chairmanship.

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PAPER COMMENTS ON PRAVDA ARTICLE PRAISING 'DEFENSIVE DEFENSE'

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jul 86 p 8

[Editorial: "PRAVDA's Praise"]

[Text] PRAVDA has sent roses to Denmark. It is always nice to get roses, especially when they come from a source that sometimes expresses chilly disapproval. But the roses come in a bouquet that is intended for the so-called security policy majority. That immediately makes the roses seem a little smaller and the priase more limited and dubious.

The reason why the roses were sent can be sought in the security policy line set by the majority, a line that--in PRAVDA's view--will lead Denmark to refuse to allow nuclear weapons on Danish soil even in times of crisis.

While the government line is characterized by standing close to Washington, the majority is more in line with Moscow.

It is praiseworthy from PRAVDA's point of view that the majority has found the true course. But perhaps the majority would have preferred not to get the roses. For the roses have become a partisan offering and the thorns on the stems must feel quite scratchy even to the hands of the Social Democrats, who usually like to carry red roses in their arms.

But PRAVDA ought to know that if the Soviet Union removed its nuclear weapons from areas close to us, even if it only did so in peacetime, the entire population of Denmark would send a whole bouquet of roses in an act of quiet harmony on the part of minority and majority alike.

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COMMUNIST PAPER REPORTS RESEARCHER'S CRITICISM OF EUREKA

Helsinki KANSAN UUTISET in Finnish 2 Jul 86 p 3

[Article: "Eureka Forgets Detente"]

[Text] The industrial sectors can be satisfied: Eureka is progressing at a rapid pace in Finland. Finland is participating in seven projects. But at what price?

Special investigator Jyrki Kakonen wondered how we can prevent high tech from being used for military purposes. And why was the possibility of detente forgotten in connection with Eureka?

"Eureka would have been a venture that would have furthered detente if East and West had jointly participated in the venture. Now the CEMA countries too have their own high-tech cooperation agency. This may over a long period of time separate the East and West Blocs more than before," Kakonen, of the Peace and Conflict Research Institute in Tampere, asserted.

The Soviet Union and Hungary, among others, have expressed their willingness to cooperate in the Eureka venture, but the Western countries have excluded the socialist countries from the venture. The Western European character of the undertaking was emphasized throughout the period during which Eureka was founded. In addition to Finland, the EC countries, Sweden, Norway, Austria, Switzerland and Turkey as well as the Economic Community Commission are at present participating in the Eureka venture.

"If detente were included in Eureka, participating in Eureka would be closely consistent with Finland's foreign policy line," Kakonen asserted.

The Eureka venture came into being on France's initiative as an alternative to the U.S. Star Wars study. In Europe they want to hammer a wedge into U.S. and Japanese progress in the field of high tech.

Kakonen said that this is true. Europe is on the way to becoming a peripheral area economically speaking and, to preserve its status, Europe needs cooperation.

"Cooperation in technology should, however, include all the European countries. Western Europe needs the technology of the socialist countries just as much as, vice versa, they need information on developments in the rest of Europe in the socialist countries," Kakonen emphasized, and went on to say that the present isolation of the West as in the case of Eureka is giving rise to suspicions among its own members as to the military character of the venture.

Impossible to Limit It

In Finland we are assured of the civilian nature of the Eureka venture. Among others, Foreign Trade Minister Jermu Laine (Social Democrat) has assured us that Finnish firms do not participate in projects involving military technology. Trade and Industry Minister Seppo Lindblom (Social Democrat) most recently on Monday stressed its trade policy aspects in the speech he gave at the third Eureka conference held in London.

"We in Finland do not want to speak of Eureka's connections with military technology. Our capitalists regard the economic aspect and economic links with the West as being of primary importance because high tech is the essence of economic growth. We prefer to remain silent on military or political issues," Kakonen said.

Kakonen is of the opinion that it is impossible for us to draw a line between technologies intended for military production, on the one hand, and civilian, on the other, in the field of high tech. We can limit things such that a particular Finnish firm does not participate in a military project, but that does not eliminate Eureka-venture connections with, for example, the Star Wars project.

"Companies expert in high tech are rare in Europe. The Federal Republic of Germany, for example, has granted its companies permission to participate in the Star Wars project. How can they see to it that the same companies do not participate in both ventures?" Kakonen asks.

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CSO: 3617/141

MINORITY CP ORGAN CLAIMS SUCCESS FOR 'DEMOCRATIC ALTERNATIVE'

Helsinki TIEDONANTAJA in Finnish 4 Jul 86 p 2

[Editorial: "Through Social Subscription"]

[Text] A new political organization, which within about a month's time, at the best time, in early summer, has almost in the spirit of a warm-up exercise collected the 27,000 names required of an organization to get on the party election rolls, has come into being through a so-called social subscription.

In principle only 5,000 names are required to register and the generation of some sort of mass movement centered about this issue was not foremost in the minds of the organizers of the name collection. This name collection just happened.

This social subscription tells us too that a very considerable number of those who have joined the Democratic Alternative did not belong to any political organization before. Their desire for political action was perhaps there, but the old parties and political groupings were felt to be repugnant. They were waiting for an alternative.

It will be particularly important for us to bear this in mind in the future. The Democratic Alternative must really be developed in a manner consistent with its name. Those that have joined it who have had greater experience with political organizations must now, if ever, be capable of listening to, discussing things with and making decisions on an equal basis with those people as well for whom the normal forms of party action and — perhaps healthily so too — language are more unfamiliar and strange. All of them are learners in the process that lies ahead.

So the legal arrangements for Democratic Alternative have been handled through the efforts of its founders and supporters. No later than now does the political effort itself begin. This means that the organization's election platform will have to be drafted with people's help and that they will have to get ready for this fall's political contests, particularly the battle of the budget. Those members of Parliament who have thrown their support to Democratic Alternative will hold their summer meeting in August and it is hoped that initiatives and ideas will be proposed during it to wage the battle of the budget as successfully and conspicuously as possible.

The child has been born, but among the many well-wishers are also concealed opponents who conjure up as miserable as possible a life for it. At least until next March, Democratic Alternative will be accompanied by bitter criticism in which only a disastrous future for it will be prophesied. What an alternative it would be if things were different.

Therefore, the effort must be concentrated on those people and those social movements that are decisive from the standpoint of developing Democratic Alternative. With them, and with them alone, will they also forge the keys to an election victory.

11,466
CSO: 3617/141

INDIVIDUALS ADVISING, INFLUENCING MITSOTAKIS IDENTIFIED

Athens EMBISTEVTIKO GRAMMA in Greek 25 Jun 86 p 5

[Text] Who are those who advise and influence [ND leader] Mitsotakis? Let us start from the beginning.

On becoming ND's leader, Mitsotakis appointed as his advisor N. Linardatos, a close collaborator of his in the Liberal Party. For a while he was his major advisor until (just before the elections) the star of journalist Th. Kassimis (who had as a political ally Dora Bakogianni) began to rise.

Linardatos, Kassimis and Stefanos Manos competed (during the elections) for the influence on Mitsotakis while the influence of the Mitsotakis family environment increased also.

Just before the elections, another person, Pavlos Bakogiannis (who left the [weekly] ENA), joined the scenario. He had created a "front" between Th. Kassimis against (the constantly weakening) St. Manos (and this was the reason for the last black and white Mitsotakis poster which prevailed despite St. Manos' strong objection).

Following the elections, Linardatos was sidetracked and Th. Kassimis and P. Bakogiannis remained as the two main Mitsotakis advisors. Moreover, the former was "approved" by the continually strengthened "Mitsotakis family environment" (to which the ND leader leaned more and more because he felt insecure) and, thus, Kassimis maintained his power of influence.

But Kassimis' dispute with Bakogiannis proved damaging and his fall was rapid. Now, for those who know what goes on at Rigillis Street [ND headquarters], the impression is apparent that Pavlos Bakogiannis is already the "autocrat" (whom everyone must see first before approaching "the leader").

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POLITICAL GREECE

PASOK'S IDEOLOGICAL STRATEGY DESCRIBED

Athens EMBISTEVTIKO GRAMMA in Greek 25 Jun 86 pp 13-14

[Text] The Greek bourgeois-liberal political camp--as many foreign specialists say--pays no attention to the ideological problems of our time. As a result, this camp is incapable of ideologically justifying its existence and function, while in the left domain ideological questions play a decisive role.

To the extent the overall conditions existing in the Greek political and cultural area assist the leftist ideological models, an oversimplified Marxist-oriented culture will increasingly gain ground in Greece, although such a culture is in itself an element of retrogression on all levels of economic, political and social life.

From this point of view, it is worth noting the ideological strategy implemented by PASOK, as such strategy is described in an article by G. Papadatos, who is in charge of propaganda for the "Movement", in the magazine SOCIALIST THEORY AND PRACTICE (Issue 2/86). He writes in PASOK's ideological magazine in part:

"The experience gained from the 5-year governing of the country by PASOK requires an objective assessment, so that a new push can be given to the 'Change'. The realization of social changes depends on the existence of appropriate objective conditions. Such conditions do exist today in Greece. The problem is for those objective conditions to create corresponding subjective attitudes for the socialist transformation.

"The effective action of the political subject of Change is directly connected to the possibility of intervention in the social processes. Intervention in theese processes is a dynamic, self-reinforced relationshihp which must avoid existing historical dangers..."

In this context, G. Papadatos asks himself: "But how can one conquer the ideological hegemony over the Greek society--a hegemony which will give a different character in the exercise of power?"

He adds: "By not having ideological hegemony in relation to prevailing bourgeois values, PASOK's efforts to bring about socialist changes do not go very far. The idea of cooperation and collectivity cannot be implemented successfully in a farm cooperative when the individualist view remains the prevailing form of life. Only the existence of ideological hegemony can create a real organization for power.

"The meaning of ideological hegemony does not refer exclusively to moves which emanate from instruments of the superstructure, i.e., mass media, schools, etc., but it runs through the entire social structure from the university to the factory. The ideological hegemony can functionally unite the grass roots and leadership without the foreceful character of the mechanisms of power and authority. Ideological hegemony uses all printed and oral means of communication, but it does not limit itself only to them.

"PASOK needs to develop a policy with strategic content in all ideological mechanisms of the state and society, and to focus its strategy on a specific policy for television, newspapers, theater, and the movies, as well as for universities and schools--the areas where people work and play.

"Ideological hegemony relates to PASOK's objective ability to lead, with its consent, the front of social forces of change to socialism. Hegemony, to be effective, requires mechanisms for continuous recharging through interchange between the rank and file and leadership and between the masses and the leading vanguard.

"Ideological intervention is powerfully connected to achieving consensus from the great majority of the suppressed classes and strata of Greek society for the desired face of socialism.

"Therefore, it is necessary to have a strategic alignment on the part of the parties of the Left, which advocate socialism. For this reason, the dialogue proposed by PASOK to the parties of the Left is particularly significant (decisive). A genuine dialogue will benefit the propsects of socialism without hurting any of the parties. The dialogue must deal predominantly with the questions of transition and development of a plan for the transition to socialism."

A transition plan is not limited to long-term strategic goals but outlines in great detail the processes to be followed and defines in advance the necessary steps to be taken as the processes develop for achieving the goals. The goals and processes are not a secret possession of the party but are made known to all the social forces of change.

We are of the opinion that a specific plan for the transition [to socialism]--which mainly defines the motions and processes that must be achieved, less the specific actions--will become a unique and indispensable theoretical instrument for social change.

This transition plan must focus mainly on medium-term goals which in terms of time should be considered to reach the year 2000.

To formulate [this plan] there must be an open dialogue with the parties of the Left and the people; [there must be] publicity of the dialogue and a press campaign in the newspapers concerning the "face" of Greece in the year 2000. This plan will serve as a strategic consensus for social forces which want to have a socialist change in Greece...

As we were told, an article such as this should have aroused the bourgeois-liberal camp which in the economic sector is now...discovering social democracy. The cultural sector believes the ideological confrontation does not go beyond questioning A. Papandreou's vacation in Elounda!

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KKE ATTACK ON KKE-INT. DISCUSSED

Athens TA NEA in Greek 19 Jun 86 p 6

[Article by Pandelis Kapsis: "Attacks From Both Sides"]

[Text] It is probably the first time since the downfall of the junta that developments in the area of the Left and especially the possibility of cooperation between KKE and KKE-Int. in the forthcoming municipal elections are in the center of political interest.

The reasons must be obvious. The attitude of the Left will effect, and in many cases determine, the very outcome of the election. This means that events are projecting the Left as a key factor in future political developments.

Thus, the almost certain refusal of KKE-Int. to cooperate with KKE in the Athens municipality caused several reactions and comments in the newspapers in the last few days.

In a front-page editorial yesterday, RIZOSPASTIS launched a new, and, this time, intensive campaign for united action, charging the "leadership of KKE-Int." with being the "sole false note" in the "strong wind of cooperation in the forthcoming municipal elections," which wind blows these days and finds a positive response among all leftist progressive forces.

The article contains a personal attack on Leonidas Kyrkos, the secretary general of KKE-Int. for his "axiomatic" and "devoid-of-arguments" position in which he argues that cooperation promotes polarization and vertical confrontations and leads to formation of an anti-PASOK bloc.

"Is there any other more effective way, besides cooperation, to deal with government candidates, especially in the major urban centers?"--wonders the writer of the editorial. And he continues: "What is it we want in the forthcoming municipal elections? Just to register the strength of each party of the Left or to claim the municipalities? Also, why is such a broad coalition of the leftist progressive forces anti-PASOK and why is not the effort of the government to elect its own candidate exceptionally anti-Left and frontal?"

On the other hand, mention is made of the intention of KKE-Int. to cooperate with KKE in Salonica, and the author asks the question: "Why a double standard? Why this selectivity? Is this the logic of bargaining? Or do the limits of leftist cooperation extend, as concerns KKE-Int., to that point which is tolerable by PASOK?"

The article also makes reference to comments L. Kyrkos made and says that what he said against cooperation is exactly the comment made in 1982 by KKE-Int. "when it supported election of the same government candidates--of Beis in Athens, Papaspyrou in Piraeus, and Manavis in Salonica."

In closing, the writer of the [RIZOSPASTIS] article emphasizes that cooperation is a move "designed to show that the municipalities are not a family affair of the two major parties. It wants to help a lot of people far beyond the limits of the Left and to find an effective way to express their opposition...to the government's policy."

The refusal of KKE-Int. is being commented upon by opposition papers--with comic results in some cases.

I VRADYNI, for example, in the main headline of the last page, claims that "Leonidas [Kyrkos] succeeded in bringing about the break up of the Left," without explaining whether, in its opinion, this is good or bad.

In the text, I VRADYNI writes that PASOK and KKE-Int. struck an agreement in 30 municipalities in exchange for a "gratuity" given KKE-Int. in 7 or 8 municipalities where its candidates would be supported by PASOK as well.

ELEVTHEROS TYPOS wrote an article yesterday along similar lines, saying that KKE-Int. is committing suicide because it rejects "the unity call of KKE" and instead supports PASOK.

"Today", it says, "we have two basic expectations from KKE-Int.: a consistent denunciation of pasok violations of human rights and a "contribution to clarification of the political situation."

In this way ELEVTHEROS TYPOS achieved an international exclusive. It is the first newspaper of the Right claiming that the coalition of the communist Left serves the protection of human rights. To top it off, the article further notes that its comments are not inspired by any "partisan logic."

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POLL SHOWS YOUTH LESS POLITICALLY INVOLVED

Athens TAKHYDROMOS in Greek 12 Jun 86 pp 20-22

[Article by Ath. Kh. Papandropoulos: "Our Youth and Politics"]

> [Text] However strange it may seem, the findings of a recent poll conducted by the National Center of Social Research [EKKE[indicate that only 10 to 12 percent of today's youth [in Greece] responded that they belonged to a political organization. Their participation is much greater in student organizations, athletic clubs, and trade union activities. The immediate problems for the young are first and foremost, unemployment, and then, defense, national security, and inflation...

As shown by previous polls conducted by the European Economic Community and also by the recent results in student elections. the Greek youth is leaning to the Left.

Yet, in the last few years, the young appear to move away from active politics and only 10 to 12 percent replied to a EKKE poll that they belonged to a political organization. Instead, for young men there is a satisfactory participation in student organizations and athletic clubs.

Moreover, participation of young men and women in party festivals is low, but it rises significantly for young men 20-24 years old in the case of political gatherings where it reaches an average of 25 percent. Also, in ages 15 to 19, the girls appear to be more political than the men, especially when it comes to their participation in youth or party festivals (22 percent).

But this percentage falls almost 10 times in the case of girls 20-24 years old. By contrast, as boys and girls grow older they increase their participation in trade union gatherings, which definitely results from some form of employment.

It must be noted, however, that in the eyes of the young politicians have lost their aura. For all ages, 30 percent believes the politicians seek self-promotion and satisfaction of personal ambition. Another 25 percent believes politicians are ordinary people who try to do their job well.

Finally, one in three believes that politicians are representatives of the people and fight for the people's interests.

Beyond that, the majority of the young see in a positive light the forceful claim of economic and political demands. In a percentage reaching 50, they believe public demonstrations to satisfy demands constitute a legitimate political right. Of course, at this point the pollsters might have asked to what extent the young will defend this right if it were forbidden.

The Problems

Beyond this political profile of Greek youth, the EKKE pollsters tried to identify the immediate problems they face. They reached the conclusion that for the young the major problem, regardless of sex or age, is unemployment (over 40 percent). Second, for both sexes and all ages comes the problem of national security and defense.

The third problem is the rise in the cost of living and inflation, but we do not know if our young men and women understand how to fight the rise in prices and the decline in the standard of living.

Also, 85 percent of the young appear to be satisfied with education and not seek any improvements. The low percentage is probably due to ignorance and to the view which is being cultivated, namely, that the less demanding the education...the better. Moreover, what kind of problem can our young have with education since in their overwhelming majority they do not study and are just about visitors at our universities?

Generally speaking, we can say our young show a well-developed democratic consciousness, agonize about their professional and employment chances, and somewhat move away from active politics. In part, this is certainly the result of the archaic and demagogic speeches by most political parties, that the active citizen wants to know, to participate, and to criticize. [Sentence as provided in Greek]

TABLE 1

Name the Organization(s) You Belong To

	Age - Years			
	15 - 19		20 - 24	
	N = 100 men	N = 48 women	N = 54 men	N = 45 girls
Labor union, farm cooperative	2.0	4.2	11.1	17.8
Professional association, club	2.0	2.1	16.7	15.6
Student club	10.9	16.7	31.5	53.3
Women's club	--	4.2	--	4.4
Youth organization (scouts)	4.9	6.2	1.8	--
Local club	4.0	8.3	9.2	11.1
Political organization	10.9	12.5	11.1	11.1
Scientific association	1.0	--	1.8	--
Religious, church organization	4.9	6.2	--	2.2
Athletic club	63.4	29.2	36.9	4.4
Nature, climbing club, cultural club	9.9	20.8	13.0	11.1

TABLE 2

Do You Participate In:

Political gatherings	12.6	12.5	32.5	22.2
Trade union gatherings	9.6	11.3	26.5	17.4
Youth, party festivals	17.1	22.0	6.0	2.8

TABLE 3

What is Your Opinion About Politicians in General?

	15 - 19		20 - 24	
	N = 356 men	N = 328 women	N = 117 men	N = 144 women
They represent the people and fight for their interests	33.0	28.4	27.6	29.2
They seek self-promotion and satisfaction of their personal ambitions	23.9	33.2	32.8	33.3
They are mediocrities trying to reach the star	4.2	5.2	5.2	6.2
They are ordinary people who are trying to do their job well	28.2	28.0	23.3	22.2
They are corrupt	3.7	3.1	6.0	4.2
I have no opinion--I do not care	5.6	2.1	3.4	2.8
Other	1.4	--	1.7	2.1
Total	100.0	100.0	100.0	100.0

TABLE 4

What is Your Opinion About Open-Air Gatherings and Political Marches?

	15 - 19		20 - 24	
	N = 356 men	N = 328 women	N = 117 men	N = 144 women
I do not care	33.2	27.0	18.8	14.7
They should be banned	2.3	1.2	0.8	0.7
I am displeased because they take place so often	2.8	1.8	0.9	2.0
They are a legitimate right of citizens	41.7	50.0	49.6	51.0
They are an essential form of struggle	21.7	20.0	29.9	31.5
Total	100.0	100.0	100.0	100.0

TABLE 5

What Are the Problems of Your Generation? Do You Believe They are Unsolved?

Unemployment, economic problems	49.7	40.2	59.8	66.0
Generation gap	11.5	24.1	2.6	9.7
Education; improvement in education	14.9	15.2	14.5	9.7
Entertainment, recreation	7.0	5.2	1.7	--
Drugs	3.9	5.8	2.6	6.3
Other*	11.4	6.6	17.3	6.3
No answer	1.6	2.9	1.5	2.0
Total	100.0	100.0	100.0	100.0

*Lack of infrastructure for athletic activities, problems of interpersonal relations and communications, goals in life, problems of existence, wrong upbringing, etc.

7520
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STATUS OF SOUTH TIROLEAN ETHNIC POLICIES, GROUPS

Vienna PROFIL in German 20, 26 May 86

[Article by Otmar Lahodynsky: "Agitators in Season"; first paragraph of each installment is PROFIL introduction]

[20 May 86, pp 60-62]

[Text] The first high-voltage transmission towers blew up 25 years ago; now the dynamiters are at it again.

Helpless, Giovanni Condotta is standing in front of his wrecked offices. As stationmaster for 18 years, he has dispatched trains at the small railroad station of Postal, a pretty village near Merano. Pointing to a bent metal box, he says that new electric change points had been installed only a few months ago. Carabinieri and explosive experts are rummaging in the wreckage. The wall to the waiting room just collapsed as a result of the explosion. "Protect the Alpine Flowers of South Tirol," reads a torn poster.

Outside, the culprits have smeared the walls with slogans. "Away From Rome" it says on the door of the WC below the bilingual sign "Gabinetti--Aborte" [WCs]. Next to it, the alternate deputy of the provincial diet, Alexander Langer, is mocked as a "dirty dago." And at the station bar one can see the unambiguous slogan "Dagos Out!"

The bomb exploded shortly before 3 am Friday before last on the ground floor of the railroad station. On the second floor, it flung the Condotta family out of bed. No one was injured.

A Postal innkeeper is also profoundly shocked. In mid-April, the local post office had been the target of an overnight bomb attack. "Who benefits from such a thing?" he asks plaintively. "If the tourists don't come any more, we may as well close down here." Thus it was not good for business when, more than a year ago now two infantry captains were blown up while handling an explosive in the neighboring village of Lana.

The South Tirolean daily DOLOMITEN warns against premature conclusions concerning the latest attack, saying: "It is too simple to state unhesitatingly that those who laid the bomb are South Tiroleans or German-speaking extremists just because disparaging slogans were sprayed on the wall in German and an anonymous phone caller spoke German."

Undeniable, on the other hand, is the growing tension and radicalization in the province between the Adige and the Isarco. Last month a few dozen infantrymen practiced rebellion at the 34th Provincial Congress of the South Tirolean People's Party (SVP) in the Kursalon in Merano. They shoved Silvius Magnago, provincial governor [Landeshauptmann] and SVP head, from the podium and by megaphone and in hastily unrolled banners demanded "self-determination for South Tirol." "Seventeen years of the package are enough," the rebels in their colorful infantry garb shouted in unison. "We do not want to wait until our children and grandchildren become Italianized."

"It is treason," shouted Magnago. "To infiltrate as keepers of law and order and then to cause unrest!" The rebellious men were subdued, two ringleaders (including the son of the late South Tirolean dynamiter Georg Klotz, Wolfram Klotz) were reduced in rank and banned from the infantry for several years.

The provincial commandant of the infantry, SVP Secretary Bruno Hosp, is especially unhappy about the protest action. "The delegates shouted 'out, out' when the infantrymen demanded self-determination for South Tirol," Hosp complained to PROFIL: "Actually, they should have applauded."

Nevertheless, the 136 South Tirol infantry companies are required by law to support "adherence to the traditional ancestral faith" and "maintenance of the Tirolean nature and the insuring of the existence of the German and Romansh ethnic group in the traditional homeland," as well as attending to target practice."

The 72-year-old governor Magnago appears to be benefiting from the dispute in his own ranks.

By pointing to radicalization among his compatriots, he can now demand in Rome that the pending agreements of the 1969 "South Tirol package" be fulfilled. What has remained unresolved above all so far is the promise of bilingual courts and police, and an autonomous financial administration.

"The populace is becoming more and more restive," Magnago concedes in conversation with PROFIL. "We have not been able to make any progress in Rome for 2 years." Last month he once again sought help from Austrian "protective power." The "package" and the autonomy statute, often referred to as the South Tirolean governor's "life's work," have increasingly split the ethnic groups in the past few years.

The Italians in South Tirol find themselves increasingly pushed against the wall by the measures insuring equal status and protection of the German-speaking population. "An opportunity has been missed," suspects the head of the South Tirolean Economic and Social Institute, Christoph Pan, "for after 1970 the Italians too were proud of the autonomy."

When ethnic quotas were introduced, with the ratio 65 to 29 in favor of the German-language population, the Italians lost many privileges. Thus more and more South Tiroleans now occupy civil service posts--which had long been an Italian domain. Since (except for the police and the military) the quotas are to be fully established among civil servants by 2003, young Italians at present do not have much of a chance to get hold of a vacant post.

As a result of observing ethnic quotas, a number of desirable jobs for which no German-language candidate applied have simply not been filled.

As for government-subsidized apartments, more Italians have gone empty-handed in the past few years because here too the German-language population proclaimed a need to catch up.

More Italian workers have also been affected by the crisis in the South Tirolean industry, particularly in the Bolzano factory zone which was established under Mussolini for the purpose of settling Italians.

When a few years ago major concerns such as the Lancia Works and the Bolzano steel and aluminum industry had to lay off workers for the first time, a number of SVP politicians applauded secretly. Nevertheless, the provincial government later decided to subsidize the suffering plants as part of a program to promote industry. "Psychologically that wasn't so easy," says Governor Magnago, "for 90 percent of the workers there are Italians."

Today many of the 123,000 Italians in South Tirol feel oppressed by the 280,000-person German majority. "The Italians were insufficiently prepared for autonomy," admits Luis Durnwalder, provincial councilor for agriculture. "Perhaps the SVP should not have left it to the Italians to provide the required information. Panic was spread on quite a number of occasions."

"The German ethnic group has just benefited more than we from autonomy," says Giancarlo Bolognini, Christian Democrat (DC) spokesman and also provincial councilor for protection of the environment. He blames "procrastination in Rome," but also "arrogance and superficiality of local authorities" for the growing gulf between the ethnic groups. So the former Bolzano mayor also sees "no point at all" in Magnago's calling for assistance from the government in Vienna.

The DC, which is in a government coalition with the dominant SVP, has particularly come to feel the disgruntlement of the voters who used to be loyal to it. At the municipal council elections a year ago, the neofascist MSI [Italian Social Movement] garnered up to 20 percent of the vote. In Bolzano, where most Italians live, the MSI is represented in the municipal council as the second strongest party. In Merano it obtained 5 of the 22 seats.

The MSI astutely exploited the fears of the Italian population. The neofascists want to do away with the quotas, the use of both Italians and Germans in public service, and the measures guarding against immigration from the south.

Pietro Mitolo, Bolzano, MSI leader and retired chemist, describes himself as a "postfascist." He says, "I am no neofascist, because I always supported Mussolini," and praises the "lasting values" of the Duce. For instance, he points out that today's Italian penal code originated during Mussolini's time.

According to him, the package gave the Germans too much and deprived the Italians of old privileges. "The Germans must at last integrate into the Italian state," demands Mitolo. "Surely they cannot hope for us to keep giving them money and rights and then return this region to Austria," he points out.

Mitolo claims that the SVP is pursuing irredentism. "It is thinking too much of Austria and too little of Italy. The South Tiroleans must become good Italian citizens at long last." The language of government offices should be exclusively Italian again, he declares; "after all, that is our state language, but the South Tiroleans want to speak only German."

His nationalist opponent in the provincial diet is high school teacher Eva Klotz, leader of a right-wing spin-off of the SVP called "Election Association of the Homeland League" [WHB]. "We are still forced to speak the language of the occupation force." complains Klotz, dressed in traditional Austrian country garb as is her wont. There is a threat of "gradually slipping into the Italian mentality," she says, as is evident from such things as poor building construction and bad tax ethics.

In accordance with the statutes of the WHB, all 4,000 members of the organization pledged to "strive for self-determination with exclusively legal means." South Tiroleans should get the chance to decide for themselves whether they want to continue belonging to Italy, according to Klotz' plan, and a second vote could then decide about the future of South Tirol.

If it should not be possible to join Austria, it simply would be necessary to establish a Free State of South-Tirol. "South-Tirol with a hyphen," emphasizes Klotz; "that will make it clear that we continue to be part of Tirol." A second Liechtenstein or Luxembourg should emerge between the Brenner Pass and Salorno, according to Klotz' dream of a Europe divided into regions. The Italian ethnic group would enjoy full protection as a minority. The fact that in the last census Italians in South Tirol dropped below 30 percent is assessed by Klotz as a mean trick: "Many Italians simply stated that they were German to make it easier for them to get a job."

According to official statistics, however, there are now 14,000 fewer Italians than there were in 1971.

Klotz thinks she sees traps everywhere. "Many Italian officials," complains this daughter of a sixties saboteur, "just do not want to speak German, despite the fact that they get paid the bilingual bonus." Officials knowing the language ought to wear arm bands "to make it easier to lodge a complaint if someone like that speaks only Italian," she says.

"The coexistence of the ethnic groups is characterized by a constant ethnic tug-of-war," says the head of the Alternative List for the Other South Tirol, Alexander Langer. "Any new concession," he says, "is obtained in line with the principle 'Good for one, bad for the other,' which has led the Italians to believe 'the more autonomy, the worse for us.'" Thus, "out of schadenfreude, the Italians would also applaud if the government in Rome rejects some social legislation that would benefit the South Tiroleans."

Langer, who like so many politicians in South Tirol is a teacher, warns against the increasing trend toward two parallel societies. "Unless we do more for coexistence," he says, "it can soon lead to tensions like those in Cyprus or Northern Ireland."

The SVP, which as a powerful umbrella organization holds 22 of the 35 provincial diet seats, has invariably hampered initiatives for cooperation between the ethnic groups. Thus an exchange of students between the strictly separated schools was forbidden. "The more we separate from one another, the better we understand one another," preached Provincial Councilor for Cultural Affairs Anton Zelger.

"No one can deprive us of the right to be concerned about maintaining our ethnic group," says Governor Magnago in defense of the SVP line. At least, since last year his speeches in the capacity of SVP chairman have also been printed in Italian. And a couple of weeks ago, he made himself available for the first time to call-in listeners on the Italian radio. "I just didn't want to be pushy," he says in explaining why he had held back for years.

Attempts at rapprochement by the Italians such as the proposal to introduce mixed schools "make us suspicious, of course," Magnago says, adding, "When we are strong enough, we will be the ones who seek to make contact."

[26 May, pp 44-45]

[Text] In accordance with Magnago's motto "To each his own," ethnic quotas divide schools, civil service posts and mountain huts.

The new Karl Wolf school center in the spa resort of Merano is constructed along strictly symmetrical lines. The Italian high schools are on the left, the German ones on the right. Everything is separated, from the entrances to the teachers to the bicycle parking places. Only the gym is used jointly, though at separate times. Two halls lead from the Italian and German buildings to the cloakroom. During recess, the German school principal has the door to the gym locked--to prevent Italian teenagers from straying in for a chat in the German-speaking section.

Marco Dal Bosco teaches Italian at the German gymnasium. His parents, Italians, had sent him to a German school in 1960. "At first it was hard," he recalls, "because I did not speak a word of German. I was often beaten up. But later I became very close friends with the sons of Italian-haters."

Mixed classes do not even exist today on an experimental basis. A few years ago, four students of the German Realgymnasium [gymnasium with emphasis on modern languages] were sent to an Italian class for language study. Soon the experiment was prohibited by the German school principal.

"The enormous opportunities of two cultures converging on one another here are not being taken advantage of," complains Dal Bosco; "every problem becomes an ethnic problem here." He says nationalism is stirred up on both sides from above, by politicians and media. The strict ethnic quotas for providing civil service jobs sometimes lead to strange attempts at camouflage. "A friend of mine, a dyed-in-the-wool Italian," recounts Dal Bosco with a smile, "stated during the census that he was German, because as an Italian physician he would never have obtained an appointment as department head."

"We reject any measure which artificially changes the composition of the ethnic groups," Governor Silvius Magnago told PROFIL: "we can't help it if the Italians now produce fewer children." The fact that the Italians are now calling for bilingual schools or kindergartens, he says, "makes us suspicious, of course. Such a thing is bound to lead to a mixed-language society in which the German ethnic group cannot survive."

Magnago says that he has long since noted an alienation from the "Austrian fatherland" among South Tirolean youth. When the neofascist MSI collects thousands of signatures opposing the hard-won ethnic quotas or against the bilingualism exams for civil servants, he says it signals a danger of "relapse to the darkest period of fascism."

Whenever some Italians accuse Magnago of apartheid politics, he really gets angry. Sebastiano Vassalli, for instance, in his book about South Tirol, (which he says is inhabited by nothing but narrow-minded Tiroleans and a staunch Italian minority), deplores "racial census taking as if the region were on another planet" (Footnote 1) ("Die Unsichtbaren" [The Invisible Ones], Drumlin Edition, Weingarten, 1986). And Italian Minister for Regional Affairs Carlo Vizzini has compared the province between the Adige and the Isarco to an "Indian reservation."

Magnago counters these charges by saying that "here no ethnic group is denied democratic rights, as is the case in South Africa." Racial separation, he states, exists only in the case of cattle. "It is just that, as a minority, we tend to shut ourselves off and to cultivate our own institutions in accordance with the motto 'To each his own.'"

Initiatives for doing things together have often been suppressed by the SVP. Thus, on the anniversary of the 70-year-old Saengerbund [Tirolean Choir], Italian cultural representatives were not even issued an invitation. And when events in the renovated Proesels Castle included some for Italian tourists in Italian, the editor-in-chief of DOLOMITEN, Josef Rampold, successfully attacked the creeping "Italianization" of Tirolean castles. And when a priest in Naturno delivered sermons in two languages, he became the target of the ire of those loyal to the homeland.

Until quite recently, South Tirolean provincial politicians had reservations about a project for a new railroad tunnel across the Brenner Pass, warning against the danger of construction workers migrating from southern Italy.

"The trauma of the time of the catacombs is still being felt by the older generation," says sociologist Christoph Pan, head of the South Tirol Economic and Social Institute. According to him, people still remember the era of fascism when even in the smallest village schools no language except Italian was allowed to be spoken and children would read German primers in secret under the priest's supervision.

"Not even our Christian-oriented parties are really talking with one another," complains Danilo Postal, provincial secretary of the DC. What he would like to see is "a new coexistence in an interethnic autonomy." At a public debate in Merano he said: "Our problems must also be those of the German group and vice versa." It is only recently that a start was made with such bilingual rounds of talks with politicians. After the debate, the conversation generally continues in a pizzeria. Standard cliches are proffered. "In an apartment building," says someone, "there is no way of preventing tension when Italian families hang their laundry out of the window and party until late at night." Someone else stresses the ethnic difference by mentioning songbirds, "which we South Tiroleans adore as harbingers of spring, whereas the Italians consider them a delicacy."

The separation of the ethnic groups extends to virtually every aspect of life. There are separated kindergartens, schools, culture and sports clubs. Italians tell about separated sleeping halls in barracks and hospitals. The argument goes on even in the mountains, where the South Tirolean Alpine Club demands that the Italian Club Alpino return the mountain huts lost under fascism. Often there are two names for one and the same hut. The Refugio Petrarca is also called Stettiner Huette, and the Regensburger Huette is also called Refugio Firenze.

In the liberal SUEDTIROL ILLUSTRIERTE, the Romansh graphic artist criticized the "ethnically oriented blinker ideology which suspects enemies wherever people think, speak, pray, or yodel differently."

Most professional associations are also separate. Only the Association of Industrialists has to this day members from all three language groups, probably because it has more important problems to worry about than splitting into ethnic components. "Opposition to industry continues to be very deep-rooted in South Tirol," says the head of the association, Kurt Leitner, the proprietor of a cableway and ecological technology company in Vipiteno. Almost 60 percent of the South Tirolean industrial and handicraft enterprises depend on the construction trade, he says. After the construction boom of the seventies, many enterprises had to close. Foreign entrepreneurs, attracted in the past by tax exemption for a certain period as well as low wages, now come across the Brenner Pass only rarely to establish branches. Instead, Leitner points out, small industrial zones of enterprises not harmful to the environment were created in several valley regions "in order to stop the migration of farmers."

Big industry in the Bolzano area, along with its mostly Italian workers, has fared poorly in this crisis. Currently the FIAT subsidiary IVECO is hopeful of getting out of the red with new production of tanks and military trucks.

Would South Tirolean entrepreneurs rather locate in Austria? "The tax advantages here in Italy are no longer as great as they once were," says Leitner. "But of course we benefit from the EC. That business about a return to Austria surely is over and done with."

The reason why industrialists prefer to get together with representatives of the German Autonomous South Tirolean Trade Union League (ASGB) rather than with the three supraregional Italian unions is not only the fact that communists are active in the latter. "The Italians," explains Leitner, "simply have less understanding for our management-labor relationship and do go on strike much more often."

ASGB Secretary Hans Widmann is disturbing this idyll, however: "We are in the process of striking against some bus companies because the transport company does not want to pay the bilingual bonus any longer, and the Italians have joined this action."

Widmann rejects the charge that his union is tied too strongly to the SVP, saying: "We keep criticizing SVP policies because the party is doing too little for the workers."

The "industrial aristocracy," Widmann points out, while astutely pocketing subsidies during the crisis, nevertheless laid off workers. "In the winter," he complains, "we had a total of 10,000 unemployed." The ASGB Public Service Union is demanding all the more vehemently that quota positions be filled with German-language candidates. "We definitely reject the flexible attitude of the SVP," says union leader Klaus Strimmer; "a bilingual setup at post offices and railroads continues to be merely a matter of theory."

Particularly controversial is the partial denationalization of Italian railroads in 1985. In accordance with it, the 3,000 railroad jobs in South Tirol no longer would have to be allocated in line with ethnic quotas, and the "missionari" temporarily transferred to the province of Bolzano from the south would then permanently take away the jobs of German-language candidates.

Governor Magnago has already lodged a complaint about this with Prime Minister Bettino Craxi. "If such a thing goes through," Magnago warned, "I would have to withdraw consent to the package; as it is, only 7,500 of the 12,000 public jobs fall into the quota category."

The latest attack against Magnago's SVP, which is supported by 90 percent of German-language South Tirolean voters, has come from an unexpected direction. Financially weak South Tirolean hotel owners and innkeepers, all loyal SVP voters, want to establish a rescue society for tourism enterprises threatened with bankruptcy. "At present there are 50 auctions a month," complains a hotel owner in the Isarco valley who has not yet overcome his financial difficulties and therefore wants to remain anonymous; "the banks are purchasing places at 20 percent of their true value because the innkeepers can no longer pay the interest rates." Altogether 8,000 persons are affected by the wave of bankruptcy in the South Tirolean tourist trade, he says. In his opinion, the South Tirolean government deserves a large share of the blame because interest rates rose from 12 to 30 percent in the late seventies. "Because of the new overall construction plans," he points out, "the provincial politicians in fact called on us to lose no time investing." He said the Landessparkasse [Provincial Savings and Loan Association] made the loans and was now exploiting the innkeepers' difficulties.

The hotel owners, mired in debt, are planning to hold an international press conference to draw attention to their emergency; they will attend it disguised in hoods, for safety's sake.

Infantry Maj Joerg Pircher, onetime dynamiter and now, after 8 years' imprisonment, again orchard grower in Lana, thinks he knows the political climate in South Tirol: "Anyone who is against the SVP and isn't independently employed immediately loses his job."

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LABOR PARTY PAPER ON NONSOCIALISTS' COOPERATION PROBLEMS

Oslo ARBEIDERBLADET in Norwegian 10 Jun 86 p 4

[Editorial: "Constructed Sense of Community"]

[Text] In an editorial shortly after the governmental crisis, AFTENPOSTEN expressed great enthusiasm for the spirit of cooperation among the three coalition parties. "One bright spot in the situation that has arisen," AFTENPOSTEN wrote, "is that the three nonsocialist coalition parties are perhaps more united than at any time since the present government was formed."

Not even at that time, after the Willoch government was brought down and before Gro Harlem Brundtland had taken over, was that description of the feeling of cooperation correct. A majority had hardly been formed against the three-party coalition before the statements and views of the coalition parties began to differ sharply. This was true, among other things, of their view on a possible new nonsocialist government and on how long the new Labor Party government should be permitted to remain in power. Now just over 3 weeks have passed and the wishful thinking of AFTENPOSTEN is even less realistic today than during the change in government. We have seen that, in issue after issue, the two middle parties have chosen the same political goals and priorities as the Labor Party. On some issues, this has also taken the form of common positions on matters taken up in parliament.

This, in itself, does not mean that there has been a major political reorientation in the middle parties or in the Labor Party. The major dividing lines between them are the same. But this trend in parliament confirms a reality in Norwegian politics today. The main current of Norwegian politics does not flow through the Conservatives, the Center Party, and the Christian People's Party, even though these three parties have attempted to construct a sense of community both formally and in reality, through their work in the coalition government. The governmental declarations, budgets, and long-term programs made by the three nonsocialist parties do not represent reality. In any event, statements by AFTENPOSTEN and the Conservative leadership do not always represent reality.

The Conservative Party programs, its traditions, and much of the individual feelings of party members concerning the party's role in society contain tendencies toward isolation with regard to the rest of the political parties in Norway. To be sure, Conservative leaders have attempted to suppress these tendencies outwardly for 2 or 3 decades, in order to place the party in a more influencial and powerful position, but they still exist in the back rooms of party headquarters. In addition, the ideology and view of social development remain the same as they always have been--which should be taken as a compliment by a conservative party.

It might also be added that the Conservative Party and the middle parties have stood together on a number of important political issues during their last years in power. This is true. But it is also untrue. There is a fundamental difference between working toward a compromise solution with which no one is genuinely satisfied, but which everyone accepts out of tactical considerations, and common views that arise from a feeling of mutual support for common political views and convictions.

On a number of key issues, it is easy to see that the political decisions developed by the middle parties because of their priorities are much closer to those of the Labor Party than those of their former coalition partner, the Conservative Party. This is one of the most interesting points in the current political situation.

9336
CSO: 3639/127

LABOR PARTY PAPER ON PROSPECTS FOR HARLEM BRUNDTLAND RULE

Oslo ARBEIDERBLADET in Norwegian 20 Jun 86 p 4

[Editorial: "Simple for Conservatives"]

[Text] At the close of the spring session of parliament, it may be stated that there is a parliamentary majority in favor of the basic policies set forth by the Labor Party government. On important questions, the middle parties--the Christian People's Party (KRF) and the Center Party (SP)--have parted company with their former "big brother" in the coalition government, the Conservative Party. This applies primarily to the steps that must be taken to correct the country's economic situation. Even though the drop in oil prices has worsened the economic picture, the fundamental problems are related to the Conservative Party policies that were carried out by Willoch and Presthus for 4.5 years as prime minister and finance minister, respectively.

Now, more clearly than before, we see that there was no real majority in parliament for these policies. KRF and SP had to leave the government, however, before these parties could support an economic policy that they actually favored. The same could be said about important aspects of Norway's foreign and security policy. Only since the Labor Party become the governing party have the genuine views of parliament been expressed in concrete policies.

Theoretically, it seems likely that Gro Harlem Brundtland and her government will do a good job over a long period of time. Since politics is something more than mere theory, however, there are no guarantees that the government will survive. The government can continue to exist only as long as it is able to gain the support of a majority in parliament for its policies. If the nonsocialist parties can agree on a joint policy, they would have a majority in parliament so that they would be able to create their own government at any time.

This is a political reality that is understood by every politically aware person in this country. Consequently, we believe that it is, mildly stated, nonsense to say that it will soon be open season on the Labor Party government and that the nonsocialists are preparing for the fall hunting season on the government. This reminds us of the man who sold the skin before shooting the bear. In addition, it will require no great marksman to bring down the Labor government if the nonsocialist parties have enough will and desire. As long as these qualities are not present to a sufficient degree, we believe they should speak less loudly about hunting the government. One of the strengths of Norwegian politics since the war has been political stability, even with minority governments. If there is something a small country such as ours does not need to suffer needlessly, it is governmental crises.

Despite the proclamations that are coming from various parties and individuals on the nonsocialist side, we do not believe that the stage is set for a new governmental crisis in Norway, not even this fall. We believe that the latest meeting of the Conservative Party's Executive Committee presented a clear picture of the situation. The executive committee wants the Conservative Party to form a new government as soon as possible. The precondition for this is a cooperative agreement with the Progressive Party in order to assure peace in parliament. The prime minister must be Kare Willoch--"It would be strange to have anyone else." In addition, a new nonsocialist government must carry out Conservative Party policies.

It is as simple as that--for the Conservatives. And it is as difficult as that--for the Center Party and the Christian People's Party.

9336
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POLL INDICATES SLIGHT GAIN FOR CONSERVATIVE PARTY

Oslo AFTENPOSTEN in Norwegian 21 Jun 86 p 9

[Article: "Conservatives Forward, Middle Back"]

[Text] The leading opposition party, the Conservatives, recorded the strongest advance in the political barometer for May taken by Norges Markedsdata (NMD). The 1.2-percent increase places the party once again at the 30-percent mark according to the NMD poll. It has been around this figure continuously since February of last year. The Labor Party remains at a high level, over 43 percent, despite a slight decline.

The opinion poll, which was taken from 19 May to 16 June, shows only small changes in comparison with the April barometer. The "collaboration" of the Center Party and the Christian People's Party with the government in connection with the austerity measures did not influence the figures. Since it has been indicated that these parties alone could be a possible governmental alternative, it may be of some interest to examine their combined support: the Christian People's Party and the Center Party combined have 13.2 percent of the voter support. That is the second lowest figure for this combination of parties since the parliamentary elections. The barometer shows that the Labor Party [omission].

Revidert 20. juni 1986.

(1)	(2) Fylkestingsvalg Sept. 1983	Mars 1985	Apr. 1985	Mai 1985	Juni 1985	Aug. 1985	(3) Stortingsvalg Sept. 1985	Sept. 1985	Okt. 1985	Nov. 1985	Des. 1985	Jan. 1986	Feb. 1986	Mars 1986	Apr. 1986	Mai 1986
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Sos. V.parti ....(4)	5,3	4,6	5,1	5,3	5,4	5,8	5,5	6,4	6,5	6,1	6,5	5,7	5,4	6,1	5,7	5,5
Arbeiderpartiet ......(5)	38,9	39,2	38,2	39,7	38,7	38,5	40,8	41,5	41,8	41,5	41,0	42,2	42,2	42,6	43,5	43,2
Sum ....(6)	44,2	43,8	43,3	45,0	44,1	44,3	46,3	48,3	47,6	47,5	47,9	47,9	47,6	48,7	49,2	48,7
Senterpartiet .....(7)	7,2	6,1	6,4	5,3	6,0	6,6	6,6	5,5	7,3	6,1	6,2	6,4	5,7	5,7	5,9	5,6
Kristelig Folkeparti ..(8)	8,8	8,3	7,7	8,4	8,5	8,1	8,3	7,6	8,0	7,9	8,7	7,9	7,9	8,0	7,9	7,6
Høyre ....(9)	26,4	30,8	31,0	29,9	30,1	30,0	30,4	30,4	28,0	31,0	30,7	30,0	31,6	30,2	28,8	30,0
Fremskrittspartiet ..(10)	6,3	5,5	5,8	4,9	5,3	5,4	3,7	4,0	4,8	3,6	3,9	3,5	3,1	3,5	3,3	3,6
Sum ....(6)	48,7	50,7	50,9	48,5	49,9	50,1	49,0	47,5	48,1	48,6	49,5	47,8	48,3	47,3	45,9	46,8
Venstre ....(11)	4,4	3,6	3,5	4,5	3,7	3,5	3,1	3,2	2,6	2,2	1,6	2,5	2,5	2,5	2,8	3,1
Det Lib. Folkep. ..(12)	0,7	0,6	0,3	0,4	0,7	0,7	0,5	0,5	0,4	0,3	0,3	0,7	0,3	0,4	0,6	0,5
Rød Valgallianse (13)	1,2	0,8	1,2	0,7	1,0	0,9	0,6	0,6	0,2	0,5	0,8	0,5	0,7	0,4	0,4	0,5
Kommunistpartiet (14)	0,4	0,3	0,5	0,7	0,5	0,2	0,2	0,1	0,1	0,6	0,2	0,3	0,5	0,3	0,2	0,1
Andre (15)	0,3	0,2	0,3	0,2	0,1	0,4	0,4	0,3	0,3	0,1	0,1	0,3	0,2	0,4	0,9	0,3
Total ....(6).......	99,9	100,0	100,0	100,0	100,0	100,1	100,1	100,1	100,0	99,9	100,0	100,0	100,1	100,1	100,0	100,0
Svar om partipref. (16)		1039	1056	1037	984	1024	1052	—	1030	1095	993	970	1098	1066	1075	1045
Antall intervjuer ialt (17)		1255	1262	1216	1263	1268		1218	1240	1191	1152	1282	1248	1266	1236	1220

Key:

1. Revised 10 June 1986
2. Local elections, Sep 83
3. Parliamentary elections, Sep 85
4. Socialist Left Party
5. Labor Party
6. Total
7. Center Party
8. Christian People's Party
9. Conservative Party
10. Progressive Party
11. Liberal Party
12. Liberal People's Party
13. Red Election Alliance
14. Communist Party
15. Others
16. Number indicating party preference
17. Total number interviewed

The barometer includes a correction factor reflecting voting patterns in the last parliamentary elections. The calculated statistical error is on the order of 3 percentage points for figures close to 50 percent, about 2 percentage points for figures from 10 to 20 percent, and as little as 1 percentage point for lower figures. The interviews were conducted between 19 May and 16 June 1986.

Norges Markedsdata A/S.

9336
CSO: 3639/127

CENTER PARTY LEADER FORESEES POSSIBLE FALL GOVERNMENT CHANGE

Oslo AFTENPOSTEN in Norwegian 26 Jun 86 p 3

[Article: "SP Prepared for New Governmental Crisis"]

[Text] "There could be a change in government by this fall. I am rather sure there will be a change during this session of parliament." This was stated by Center Party (SP) leader Johan J. Jakobsen in connection with the close of the spring session of parliament. The Center Party leader questions the Labor Party's willingness to compromise, which has already created criticism in Labor's own ranks. "How long can the Labor Party continue to strain out gnats and swallow camels?" Jakobsen asked.

Jakobsen denied that the Center Party was abandoning the nonsocialist cooperation. He told the Center Party's press office: "What we have seen is that the three former coalition parties are stressing their own policies more forcefully now that they are in the opposition—obviously. But nonsocialist cooperation is not so delicate that it could be destroyed by a 0.7-percent increase in the national insurance premium!"

Costly

"I regret the change in government, but it must be stated that the time from 9 May up to the present has been highly educational for the people," the Center Party chairman said. "It has been a relief to unmask the campaign promises, guarantees, and empty rhetoric that the Labor Party used when it was in the opposition! In this regard, the Labor Party interlude has not been totally wasted, but it looks like it will be costly for the country."

Camels

Jakobsen finds it difficult to predict the exact time of the change in government. "That depends on a number of factors. For example, how long will the Labor Party continue to strain out gnats and swallow camels? I believe the Labor Party will have to create a sharper party profile by this fall and limit its remarkable adaptability. To be sure, the government's will is strong, but consideration of the interal opposition will set limits. In addition, too much willingness to compromise will give the Socialist Left Party greater leeway.

Shift

Thus, a shift could occur this fall, according to Jakobsen. He is rather sure there will be a new nonsocialist government before this session of parliament is over. "It is still the Center Party's goal to be part of the government. When all is said and done, the greatest influence is to be found within the government," the Center Party leader said.

EC

Jakobsen also discussed the foreign policy debate, which includes the question of Norway's relationship to the Economic Community. "The idea of membership is still foreign to the Center Party. We have stated this in our program. But Norway stands to gain by maintaining good relations and close contacts with the EC, which is now of great economic and political importance. We would be happy to see a debate over our relations with Europe," the Center Party leader told the party's press office.

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CSO: 3639/128

CHRISTIAN, CENTER PARTY YOUTH ORGANIZATIONS REJECT TIES WITH WILLOCH

Oslo AFTENPOSTEN in Norwegian 28 Jun 86 p 2

[Article by Kjell Hanssen]

[Text] At the annual meeting of the Christian People's Party Youth Association last weekend, both the outgoing and incoming chairmen pronounced the traditional incantation against any form of cooperation with the Conservatives. Both looked in the direction of the Labor Party. Joining with the Conservatives, they said was the wrong way for the Christian People's Party to go. In addition, such cooperation would cause their party to lose voter support.

Identical warnings will be issued this weekend at the congress of the Center Party Youth. The Center Party can expect nothing but defeat if it turns to the Conservatives. History has proven this, they claim.

If it is correct that the middle parties have lost support by cooperating with the Conservatives, it is still surprising that so-called idealistic youth would place so much emphasis on this argument. Politically minded young people are usually more interested in sending their party to destruction with its banner held high than they are interested in survival.

The truth, however, is that their assertion is false, even though it has been repeated by generations of chairmen in the youth organizations associated with the Christian People's Party, the Liberals, and the Center Party. History does not show that these parties have lost support by associating with the Conservatives. On the contrary, they have gained in both influence and support.

Take the Liberals, for example. Since 1912 the party's fate has been an almost continuous series of defeats, up until last year when it gave up the ghost as a political factor--and then it was following a declaration of support for the Labor Party. But there are two notable exceptions to this negative trend: the parliamentary elections of 1930 and 1965. Both elections clearly involved a major mobilization by the nonsocialist side, so that there was no doubt as to where the Liberals stood. And, for once, the entire Liberal Party was on the same side. This resulted in success at the polls

Center Party

What about the Center Party? The mobilization election of 1930 was also a success for what was then called the Agrarian Party. The election of 1936, After the party's emergency agreement with the Labor Party, resulted in a major defeat. The Center Party also made advances when the four nonsocialist parties united before the elections of 1965 (after having participated in John Lyng's government 2 years earlier). The party continued to advance in 1969, after 4 years as a coalition partner with the Conservatives. If we examine the seventies, when the Center Party eliminated itself from the coalition picture, we find that the party lost 40 percent of its support--most of it to the Conservatives. The Center Party managed to halt the decline by participating in the Willoch government from 1981 to 1985.

Christian People's Party

What about the Christian People's Party? The party advanced when it participated in the coalition with the Conservatives from 1965 to 1969. The party experienced a certain decline in the parliamentary elections of 1985 after 4 years with Willoch, but this decline for the Christian People's Party was only one third the decline it experienced in the previous elections, when it was unclear as to where the party stood with regard to nonsocialist cooperation or if the Christian People's Party was at all interested in nonsocialist cooperation.

When the youth leaders of the middle parties speak as if historical facts did not exist, there are two reasons. First of all, they have not bothered to find out the truth. Secondly, they wish the truth were different. With few exceptions, they feel kinship with the Labor Party and the Socialist Left Party, particularly the latter, while they remain aloof from their party's actual partner, the Conservative Party.

In other words, young and adult leaders in these parties find themselves on opposite sides in Norwegian politics. You might think that, in the long run, a party could not continue to operate with so much internal tension.

Not To Be Confused

It must be remembered, however, that a party's youth organization is not to be confused with the party's younger voters. The latter generally support a party because of the way that party is. If they disagree with the party's policies, they choose another party. It is the organized activists in the youth organization who decide to take their party and make a completely new party out of it--to put it on the opposite side of the political spectrum, for example.

Political youth organizations find it easy to believe that a party can be manipulated, as if its voters did not exist.

Of course, the smaller a party is, the stronger this tendency becomes. On the other hand, the adults in the parent party must keep an eye on the next elections. They have a simple desire to survive. For this reason, and because they know that youth organizations often represent no one but themselves, they can let Kare Kristiansen say whatever he wants--and silently agree with him.

9336
CSO: 3639/129

CONSERVATIVES, CHRISTIAN PEOPLE'S PARTIES ADVANCE IN POLL

Oslo AFTENPOSTEN in Norwegian 28 Jun 86 p 8

[Article: "Conservatives and KRF Advance"]

[Text] Major changes are taking place among Norwegian voters. The change in government has already had a strong effect and the trend is continuing, according to the Gallup/NOI/AFTENPOSTEN political barometer for June. In 2 months, support for the Labor Party (AP) has dropped by 4 percent and that of the Conservative Party (H) has increased by 3.3 percent. The distance between these two major parties has been cut in half—from 15.1 to 7.8 percent.

Thus, the barometer confirms the results of previous opinion polls taken by this same institute and by MMI and Scanfact: major changes are underway and it is the largest parties that are affected most.

Nonsocialist Majority

In addition, the former coalition partners of the Conservative Party are holding firm, so that there is now a nonsocialist majority among the voters. Including the Progressive Party (FRP), the four nonsocialist parties that are represented in parliament now have 50.7 percent, while the Labor Party and the Socialist Left Party (SV) together have 45.7 percent of the voter support.

The NOI poll was taken from 6 to 19 June, i.e. after the events of the change in government. Thus, they reflect reaction to the devaluation, the tax increases, the NATO episode, and the first part of the wage conflict in the public sector. The latest chaotic round of wage negotiations and the criticism that has been directed against the government in this respect, on the other hand, came after the poll that is presented here.

The greatest advance registered in the NOI June barometer was made by the Christian People's Party (KRF), which rose by 1.5 percent to 8.4 percent. This rise comes after several months of decline, however, and may be more of a technical than a political nature. The Center Party (SP) is moving in the opposite direction: earlier it advanced, now it is declining. An examination of the opinion polls over a long period of time shows that this is a trend. One party goes up as the other goes down. Compared to the parliamentary elections, both these parties are maintaining the status quo.

If elections were held today, both the Christian People's Party and the Center Party would have the same results as last year.

Now, for the first time, the Labor Party is below its 1985 level. Much of the sharp decline over the past few weeks must be blamed on the party's abandoning of its irresponsible campaign promises and unreasonable hopes. The results may be so dramatic because the trail of broken promises leads practically all the way up to the cabinet. The new prime minister and her ministers have only themselves to blame, but it could be more than a reaction of dissatisfaction.

The political changes could represent a shift to the right. In the three polls for the period of April through June, the Conservative Party advances are practically identical to the Labor Party losses.

This situation should not result in long-term planning at the various party headquarters, however. The political trend must be followed from week to week. Political polls do not dictate decisions, but no party can ignore the fact that the signals sent by changes in voter opinion will determine how long the Harlem Brundtland government will continue to survive.

This type of thinking will influence the Labor Party, in particular. Why would it continue to govern without a majority, if all it has to show for this is fewer and fewer voters?

	(1) Stortingsvalget 1981 %	Aug. %	(2) Stortingsvalget 1985 %	Sept. %	Okt. %	Nov. %	Des %	1986 Jan. %	Feb. %	Mars %	April %	Mai %	Juni %
Ap.	37.1	37.3	40.8	41.6	41.9	42.6	43.0	41.0	42.2	43.3	43.9	41.2	39.9
DLF	0.6	0.6	0.5	0.6	0.5	0.0	0.3	0.4	0.8	0.1	0.7	0.3	0.3
Fr.p.	4.5	4.1	3.7	4.5	4.1	3.1	3.1	3.5	3.5	3.1	3.3	3.6	3.5
H	31.8	32.8	30.4	29.0	29.8	31.1	30.2	30.4	30.2	30.9	28.8	31.0	32.1
Kr.F.	9.3	8.9	8.3	7.4	7.6	7.5	7.8	9.5	8.0	7.2	7.3	6.9	8.4
NKP	0.3	0.3	0.2	0.2	0.1	0.0	0.1	0.4	0.2	0.3	0.1	0.4	0.0
RV	0.7	1.3	0.6	0.6	0.7	0.7	0.6	0.3	0.6	0.6	0.6	0.7	0.3
Sp.	6.6	5.8	6.6	6.2	6.8	6.5	5.8	4.8	5.7	6.0	5.8	7.4	6.7
SV	5.0	5.7	5.5	6.3	5.8	5.7	5.7	6.4	5.9	5.7	6.6	5.9	5.8
V	3.9	2.9	3.1	3.3	2.7	2.5	2.7	2.2	2.3	2.2	2.5	2.5	2.5
Andre	0.2	0.3	0.4	0.4	0.0	0.4	0.6	1.1	0.6	0.6	0.4	0.0	0.5
Sum (3)	100,1	100,1	100,0	100,1	100,1	100,0	100,1	99,9	100,0	100,0	100,0	100,0	100.0
Ap. + SV	42.1	43.0	46.3	47.9	47.7	48.3	48.7	47.4	48.1	49.0	50.5	47.1	45.7
H + Kr.F. + Sp.	47.7	47.5	45.3	42.6	44.2	45.1	43.8	44.7	43.9	44.1	41.9	45.3	47.2
H. + Kr.F. + Sp. + Fr.p.	52.2	51.6	51.3	51.6	49.0	47.1	48.3	48.2	47.4	47.2	45.2	48.9	50.7

Key:	
1.	Parliamentary elections, 1981
2.	Parliamentary elections, 1985
3.	Total
AP.	Labor Party
DLF.	Liberal People's Party
FRP.	Progressive Party
H.	Conservative Party
KRF.	Christian People's Party
NKP.	Norwegian Communist Party
RV.	Red Election Alliance
SP.	Center Party
SV.	Socialist Left Party
V.	Liberal Party
Andre.	Others

The figures show voter support, if elections were held tomorrow, among those who are sure they would vote. Respondents were also asked who they voted for in the parliamentary elections of 1985. The differences between support for the individual parties in this survey and the actual election results in 1985 were used as weighting factors.

The interviews were conducted from 6 to 19 June 1986.

Gallup/NOI

9336
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SHP ELECTS NEW GENERAL SECRETARY, OFFICIALS

Baris Can Elected

Istanbul CUMHURIYET in Turkish 6 Jun 86 pp 1,12

[Text] Baris Can, new SHP [Social Democratic Populist Party] secretary general, was born in 1944 in Inebolu. Actually from Sinop, Can came into the world in Inebolu because of his father's teaching assignment. Can, the majority of whose family teaches, moved from Inebolu to Sinop when he was 27 days old. He attended primary school in Sinop and middle school at Haydarpasa Lycee, having scored successfully on the full-scholarship boarding school examination. However, 6 months before graduating from middle school, Can was forced to move to Corum to live with his older sister. He completed middle school in Corum and graduated from the finance department of AITA [Ankara Academy of Economics and Commercial Science] in 1967. The same year, he served in the military at the communications school. In 1968, he left his post as accounting specialist and, with two friends, established a financial consulting office. He continued this work until elected to the assembly.

Can became interested in politics while a student. In 1965 and 1966, he played an active role in the CHP [Republican People's Party] youth auxiliaries. His political activities in his student years later carried over at various levels. In the 1983 elections, he was a candidate on the reserve list of the HP [Populist Party], won in the election, and entered parliament. Together with SHP former chairman general Aydin Guven Gurkan, Can was among the leaders in the HP in the internal party dispute against the followers of Calp. When the Calp administration was ousted, Can became deputy chairman general in the HP congress. Following the merger of the HP and SODEP [Social Democracy Party], he continued to serve as a member of the MKYK [Central Decisions and Administration Council] within the SHP.

Ankara--Yesterday, at its first meeting since its congress ended, the SHP MKYK elected Sinop Deputy Can secretary general. Despite all protests, former chairman general Gurkan declined a position and Chairman General Erdal Inonu made the nominations at the meeting for the chairman's council with MKYK members accepting all of them. In a speech prior to the meeting, Inonu said, "The time has come for by-elections. There is no reason, under the law or the constitution, to postpone them."

Members who spoke about delaying the elections at the MKYK meeting, which convened for the purpose of electing the chairman's council, wanted former chairman general Gurkan to serve either as secretary general or deputy general. Gurkan, however, opposed these proposals and said that he "wants to reserve time for the assembly and to work within the party group for an effective opposition." When several MKYK members responded to Gurkan's stance by saying, "Even if you do not want a post, we will elect you," Gurkan firmly announced, "Then, I will resign."

Chairman General Inonu interrupted the protest to Gurkan's not taking a position on the chairman's council, saying, "The situation is clear. There is no point in prolonging the discussion." As the election was delayed, Inonu asked the MKYK members if there were nominations for the post of secretary general. No one, however, put forth any candidates for secretary general, waiting instead for the chairman general to state his preference.

Inonu, who, it was learned, had spent several days in discussions with deputies and had held talks with MKYK members to obtain their proposals for the chairman's council, nominated Can for secretary general. Can became the new SHP secretary general with 24 votes. Although he was not a candidate, former chairman general Gurkan received six votes. Adiyaman Deputy Sirri Ozbek had two votes. There was one abstention.

Prior to the meeting, which was not attended by MKYK member Ugur Batmaz, as he was out of the country, it was learned that Adiyaman Deputy Ozbek declined Inonu's offer of a position as deputy secretary general as did Istanbul Deputy Tulay Oney for the post of deputy chairman general. Following the election of the secretary general, the MKYK recessed briefly. Later, four deputy chairmen general, four deputy secretaries, and an accountant general were elected to serve on the chairman's council. During these elections, no one besides Chairman General Inonu nominated candidates. Elected as deputy chairmen general in the MKYK, which accepted all of Inonu's nominations, were Icel Deputy Fikri Saglar with 33 votes; former SODEP and SHP deputy secretary general Ibrahim Onen with 30 votes; former SODEP deputy secretary general and SHP local administrations secretary Yigit Guloksuz with 29 votes; and former SHP deputy chairman general Tevfik Cavdar with 28 votes.

MKYK deputy secretaries general are former SODEP deputy secretary general and SHP MKYK member Guler Tanyolac, who received 31 votes; former HP deputy secretary general and SHP MKYK member Cuneyt Canver, 30 votes; former SODEP and SHP MKYK member Enis Tutuncu, 30 votes; and former SODEP MKYK member and SHP deputy secretary general Hizir Eksi, 28 votes.

Ugur Batmaz, former SODEP accountant general and SHP deputy chairman general, was chosen SHP accountant general with 31 MKYK votes.

In an announcement made prior to the meeting, Inonu stated that the government, relying on the success in the recent municipal elections, is "seriously considering elections" and stressed that, as soon as the new MKYK begins to function, it must prepare for elections.

Before the meeting commenced, Chairman General Inonu explained that, as a result of determining the leanings of delegates at the congress, each MKYK member faces a "difficult job." He said:

"We are gathered here in the most favorable atmosphere in order to make the progress expected of the SHP by citizens today. The latest actions of the government in the assembly indicate that elections will be held soon. The time has already come for by-elections. There is no reason, under the law and constitution, for delaying them. Postponement can only mean that the government is afraid. However, we see that, based on its success in the recent municipal elections, the government is seriously considering elections. From this standpoint, as soon as the MKYK begins to function, it must provide fellow citizens with this hope, this security, progressing toward the ability to win in the upcoming elections."

Inonu, who stated that he sees determination to work toward this end in the new MKYK, said, "There is no doubt that we believe that we will be successful in the days ahead. We will examine carefully what we can do so that elections can be held immediately."

Can's Role in Party Examined

Istanbul MILLIYET in Turkish 6 Jun 86 p 8

[Article by Teoman Erel]

[Text] I had only heard his name before then.

We met one night amidst a raucous discussion at a tavern. His manner was rowdy, his tongue sharp. He was, at the least, as impulsive as I. He was a child of the Black Sea.

Our encounter later turned into friendship.

He was a person who was able to feel a need to polish off a couple of drinks along with an octopus salad in a cordoned-off area amidst the uproar of a political tour and was committed to accomplishing this.

But, on another hand, he was an extraordinary activist organizer, a clever politician.

(While reading what I have written thus far, I see from my style that I have written as if about someone who has died. How strange.)

The person of whom I am speaking is Baris Can. He has not died. To the contrary, he has just erupted in the middle of the political scene, he has just been thrust into the spotlight.

He has just become SHP secretary general.

While the SHP is shown to be "Turkey's largest party" in public polls, but, at the same time, is struggling to channel its efforts as the major opposition, which labors to shed its old guard, outwardly, it is interesting that it has selected Can.

Can is a fighter, an organizer, a smart politician -- of the sort that is not frequently brought up in the Republican People's Party structure. Can is the exact opposite of modest, sedate Professor Inonu, who places no importance on appearance. Can loves striking, chic clothes. He demonstrates care in speaking eloquently and effectively. He tends toward fast-moving friends rather than serious-minded and gloomy circles. He is a bit ostentatious.

He is one of the rare HP radicals who well knows delegate manuevers, the back stage of congresses.

It is understood that Can was the most effective weapon in Gurkan's defeat of Necdet Calp.

And, prior to the last congress, he was among the most agile and efficient behind-the-scenes players and tacticians of the unionists group.

Because of his profession, Can also is familiar with the business world. While a financial consultant to various corporations -- among them the Mentesoglu Group, which exports frogs' legs, -- he, too, experimented in export operations. I am not sure if he was successful or not.

This alert politician emerges to face a prime minister who is quick on his feet, who enjoys tricking and surprising rivals.

From what is known, the SHP can test Can as an antidote for the ingenuity of Turgut Bey.

Inonu, who nominated Can for secretary general yesterday, gave the party administration this directive as its primary goal:

"As soon as the Central Decisions and Administration Council begins to function, it must provide fellow citizens with the hope and the belief in progress toward the ability to win the upcoming elections."

It is understood that Inonu wants internal party disagreements and, in Gurkan's words, leftist blustering to cease and for all forces to be directed outwardly in the battle to "win."

According to Inonu, the rival is the nation, the goal is the government.

The nearest dangers are the inability to avoid mistakes that will discredit the party and the growth, which started in the assembly group, of divisiveness on the left among the old guard.

In order to succeed in these areas, Inonu called for unity and asked cliques to work together.

The chairman's council, too, was balanced with this in mind.

The new SHP Chairman's Council is like the unionists and the coalition of 26. It is the unionists who carry weight.

In the meantime, young Fikri Saglar, who is considered to be nonpartisan, was also elected deputy chairman general.

As for the election of mischievous Cuneyt Canver, a close friend of Can, to the post of deputy secretary general, this is interpreted as a tactic "to use the energy of youths by channeling it externally."

The Inonu administration of the SHP has begun with the slogan, "We must win," and the handing over of important duties to clever, activist youths.

We will all see what happens in the end. At the least, we can say that we will not be bored.

11673
CSO: 3554/402

OECD REPORT SHOWS COUNTRY LEADING WEST EUROPE IN JOB CREATION

Copenhagen BERLINGSKE SONDAG in Danish 1 Jun 86 p 15

[Commentary by Frank Dahlgaard; first paragraph is BERLINGSKE SONDAG introduction]

[Text] We are the only industrial country in the western world where the economic boom is producing a surplus in state finances this year.

There is more dynamite in the Danish economy than there is in our national soccer team in Mexico.

At any rate Denmark's chances of setting a world record in the creation of new jobs are substantially greater than our chances of winning the world soccer championship.

And when it comes to public finances our world championship has already been won: this year Denmark will be the only industrial country in the western world that can show a surplus.

These facts appear in the new semiannual report from the OECD, the economic organization of the western world, in Paris.

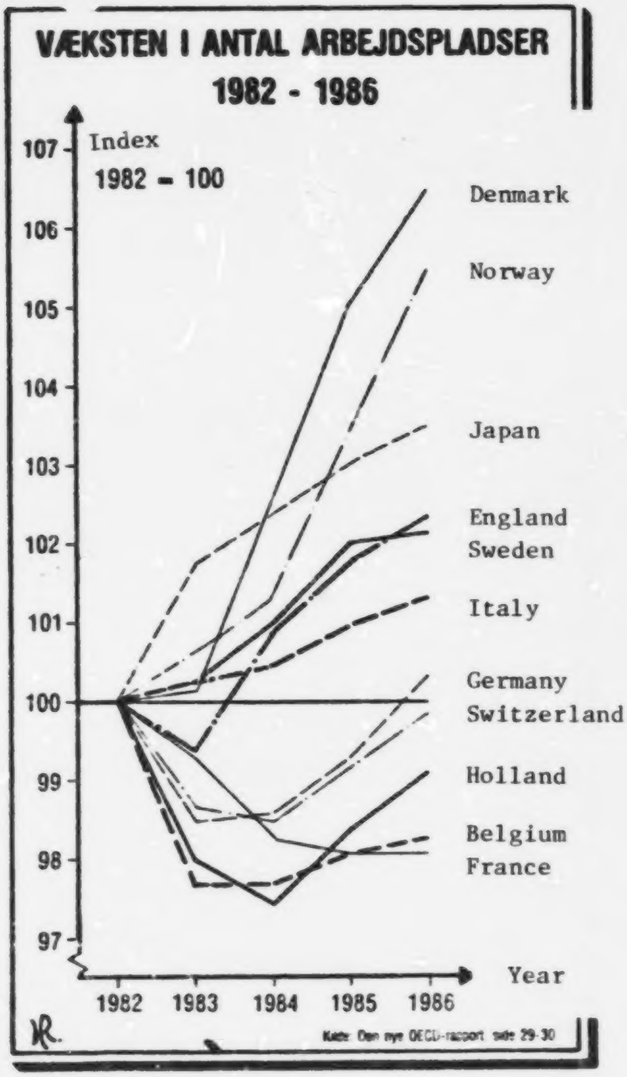
Over the last 4 years the number of jobs in Denmark increased by 6.5 percent. No other country in West Europe can show a correspondingly strong growth in employment.

The graph below shows the development in the number of jobs since 1982 for a number of industrial countries. As it shows, almost all the big increase in Danish jobs occurred in the last 3 years.

Norway, with its oil revenues, is the only European country that comes close to Denmark in the creation of jobs.

The economic dynamo of the free world, Japan, has only had half of Denmark's 6.5 percent growth in employment since 1982. And the traditional European powerhouse, West Germany, has about the same number of jobs this year as it had 4 years ago.

Holland, Belgium and France actually have fewer jobs than they did in 1982 and the same is true with regard to Austria, Ireland and Spain, which are not included on the graph for space reasons.



Growth in Number of Jobs 1982-1986

Source: The new OECD report, pp 29-30

U.S. the Leader

Prime Minister Poul Schluter cannot claim the world title in creating jobs.

That is indisputably held by U.S. President Reagan, whose country has increased the number of jobs by no less than 10 percent since 1982.

The United States was not shown on the graph for space reasons. The same is true of Canada and Australia who were in second and third place with job increases of 9.1 and 7.5 percent respectively. They were followed by Denmark with a 6.5 percent increase in jobs over the last 4 years.

Denmark's European record in creating jobs is the result of the economic boom that has occurred in this country under the four-party coalition government. The enormous growth in investments was the main factor in increasing employment, but the growth in consumption and housing construction in the last couple of years also played a part.

For Denmark, 1982 represents a decisive break in economic developments. Until then a succession of Social Democratic governments tried to reduce unemployment with artificial job creation measures. This was done by increasing the number of public employees and by giving subsidies for the creation of artificial jobs in the private sector. This cost a lot of money, but because the taxpayers were not asked to pay for the programs the state deficit and debt increased.

Effects of Boom

The tens of thousands of jobs that have been created since 1982 were almost all created naturally by the private business sector.

In contrast to the Social Democratic creation of jobs, which cost the state money, the four-party government's efforts have been a direct source of income.

The increase in employment means higher income and consumption and thus automatically higher income taxes, value-added taxes and consumer taxes as well. At the same time public spending for benefits and assistance has been reduced as a result of declining unemployment.

In this way the economic boom and the increase in employment served to reduce the gap between state revenues and state spending.

However this automatic fiscal reaction was not enough to wipe out the state deficit altogether. With a number of tax increases and (to a lesser extent) public savings measures, the politicians have actively and directly increased the flow of revenue into the state treasury and reduced the outflow of expenditures.

The result is that whereas when Anker Jorgensen stepped down in 1982, Denmark had the fourth largest deficit in public finances in the entire western industrialized world, we are now the only OECD country in the world to have a surplus in public finances for 1986.

And the surplus is quite large, as indicated in the table below.

The table shows surpluses (+) and deficits (-) in the public finances of OECD countries in terms of the percentage of national product. The source is page 39 of the latest OECD report.

Country	Surplus/Deficit
Denmark	+ 2.9
Finland	- 0.3
West Germany	- 0.8
Japan	- 0.8
Sweden	- 1.2
Norway	- 1.7
Austria	- 2.1
Australia	- 2.2
France	- 2.6
England	- 3.2
United States	- 3.4
Canada	- 5.0
Spain	- 5.3
Holland	- 6.9
Belgium	- 9.7
Greece	-10.4
Ireland	-10.6
Italy	-12.9

Praise for Denmark

The table shows the surplus or deficit for all public finances in the OECD countries, including not only state finances but also municipal finances and social funds such as the Workers Supplemental Pension Fund and the Social Pension Fund in Denmark, for example.

In 1982 Denmark had a total public finance deficit of 9.1 percent of national product. Only Ireland, Italy and Belgium had larger deficits than Denmark at that time.

This year public finances in Denmark are expected to show a surplus of just under 3 percent of national product. The OECD economists call this turnaround in the Danish economy "remarkable."

And it most certainly is. As the table shows, the nations that were at the very bottom then, Ireland, Italy and Belgium, are still at the bottom of the list with very big deficits in their internal finances.

Denmark is also expected to be the only OECD country with a surplus in public finances in 1987.

The reason why Denmark has come out ahead of such countries as the United States is partly that the automatic fiscal reaction is greater in Denmark (because we have higher taxes and relatively higher social expenditures) and partly that Schluter, in contrast to President Reagan, has actively increased the tax burden and thus gained control over public finances.

Deficit Too

The strong economic boom in Denmark has not just helped to remove the deficit in public finances. At the same time it has also led to a strong increase in the nation's total balance of payments deficit.

The strong increase in income in the wake of the creation of new jobs has led inevitably to increased private consumption, causing imports of consumer goods to shoot up. At the same time the increased profits in the business sector and the good sales prospects have started off an investment boom with a corresponding sharp increase in machinery and equipment imports.

In other words the economic boom in this country is a major reason for both the improvement in internal public finances and the deterioration in the balance of payments deficit.

The Danish balance of payments deficit this year is absolutely among the worst in the OECD national club.

One way of reducing the foreign exchange deficit is to increase the surplus in internal public finances. This would curtail further increases in buying power which would check consumption and imports.

However this solution has run into solid political obstacles. The politicians simply do not dare increase the tax burden further or make more cuts in public spending. Instead they are now talking about increasing private savings, perhaps by means of a pension reform.

Denmark's extreme position with regard to the foreign exchange deficit as well as the creation of jobs and the surplus in public finances shows that the economic upturn was not caused by outside forces.

The economic boom in this country in recent years was "made in Denmark."

To use the current expression, "Danish dynamite" is behind both the upturn in employment and the downturn in the balance of payments.

6578
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ECONOMIC DENMARK

COUNTRY'S SHIPBUILDING INDUSTRY IN WORST CRISIS EVER

Copenhagen INFORMATION in Danish 27 Jun 86 p 1

[Article by Jens Holme]

[Text] The Danish shipbuilding industry is in the worst crisis ever, according to the annual report just released by the Shipyard Association.

"The receipt of new orders by the firms belonging to the association was insignificant in 1985," the report says. Only nine ships were ordered totaling 3,385 gross register tons compared to 23 ships totaling 443,000 gross register tons in 1984.

The total value of the 1985 orders was around three-quarters of a billion kroner or roughly 10 percent of the value of new orders received in 1984. The new orders in 1985 included a small dry cargo ship for a Danish shipping firm, a fisheries inspection ship for Senegal and seven Standard Flex units for the Danish Navy.

In the period from 1 January to 1 June 1986, the only orders received were for a coastal tanker for Greenland and two coal barges for the Jutland-Funen electric power association, ELSAM.

In the preface to the report, the director of the Shipyard Association, K. Engell-Jensen, wrote that shipyard jobs declined by 1,000 in the first 3 months of the year and another 4,000 people will become unemployed in the current year.

Engell-Jensen repeated the demand of the shipyards for relief in the area of ship financing:

"With the shipyards' investments in new technology and worker training, a sizable effort has been made to make the Danish shipbuilding industry competitive with regard to price and quality. In the current situation, with the competition strongly characterized by dumping and foreign product subsidies, the shipbuilding industry will have a hard time managing without state assistance during a transition period in the form of financing measures," Engell-Jensen said.

Engell-Jensen said that the improvements in financing opportunities for new ships that the government provided in April were inadequate. And as the government has announced that it will not take further steps, "the shipyards must look forward to a steady decline in new construction activity," the Shipyard Association director wrote.

Engell-Jensen does not feel that the contribution Danish shipbuilding makes to production, foreign currency earnings and employment can be offset in the short term by increased activity on the part of other industries. And he pointed out that 30,000 jobs depend on the shipbuilding sector.

Japan Foremost

According to the report's international survey, half of all the new ship orders in 1985 went to shipyards in Japan, 16 percent went to European shipyards, 11 percent to South Korea and 23 percent to shipyards in other parts of the world.

Limited demand and an international shipyard capacity that continues to be too large led to a further decline in price levels for new ships, dictated primarily by the Japanese and South Korean shipyards.

Aalborg Cutting Back

That Danish shipyards experienced a catastrophic development in 1985 can be seen from the fact that in 1984 Denmark was the world's fifth largest shipbuilding nation with a market share of 2.9 percent of new orders. In western Europe, we were surpassed only by West Germany. In 1985 the Danish market share dropped to 0.5 percent.

It is this trend that led the East Asiatic Company [OK] to decide to virtually shut down the new construction division at Nakskov Shipyard. Drastic cuts are also planned at Aalborg Shipyard. On Wednesday the shipyard fired 125 salaried employees and this means that it has cut the number of employees in half in the course of this year.

This occurred despite the fact that Aalborg Shipyard received seven of the nine new ship orders that went to Danish shipyards last year. Namely the special ships for the Navy which will provide work for between 100 and 200 people up to 1991.

By the end of the year there will be 1,000 people employed at Aalborg Shipyard, which employed 3,600 people for several years.

6578
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POLL FINDS VOTERS LESS WILLING TO CUT SOCIAL SPENDING

Copenhagen AKTUELT in Danish 26 Jun 86 p 29

[Article by Elisa Nielsen: "Social Cuts Deep Enough"]

[Text] Danes are changing their minds about social spending cuts. There is much less demand for cuts today than there was 4 years ago.

That is a fact that many hope will be noted in the right places. And it may also indicate that solidarity has become a more prominent feature of the Danish national character.

And fewer people think the wages paid to public employees should be cut. They would also prefer to spare educational institutions, hospitals and the police. But savings can and should be made in defense and in the cultural area.

Today only 14 percent of the people want savings to be made in the social area, according to a survey made by the AIM opinion institute which presented 2,570 voters with 10 possible areas in which savings could be made and asked them to choose the three main areas where they felt the public sector should make savings cuts. In a similar survey carried out in 1982 in the same month that the nonsocialist government took over, as many as 37 percent said that savings should be made in the social sector.

"This is a very positive development and perhaps it can also be taken as a sign that solidarity is in favor once more," said the head of the social service administrators, Svend Age Henriksen. "For some years there has been a tendency to say that everyone should take care of himself.

"But the decline can also be due to a realization that we have saved enough money now. More and more people have felt the effect of the savings cuts personally. The cuts have become more visible. The social system is extremely broad and people using daycare institutions or services for the elderly have felt the cuts, for example. More and more people have become aware that this is not just something that affects people receiving cash assistance."

However it is not just in the area of social spending that there have been striking changes and among nonsocialist voters in particular there has been a shift in opinion with regard to where the state should save money.

For example in the last survey 20 percent said that cuts should be made in the wages paid to public employees. Today only 11 percent feel that way. And if one looks solely at nonsocialist voters, 53 percent gave top priority to social cuts in 1982. Today only 21 percent of those who vote for parties to the right of the Social Democrats think more savings should be made in this area.

It is not surprising that young people are more inclined than old people to save on defense spending or that more older people want to save on aid to developing countries. But 28 percent in all would like to save money on foreign aid now, compared to 35 percent in 1982.

In both surveys savings in the area of defense and culture had the most support, with 54 and 46 percent listing them, although culture had a somewhat higher rating than in 1982, especially in the capital region. However the percentage of voters who would rather save on defense spending is highest in the capital.

Savings on public works such as road and bridge building had the support of 33 and 34 percent of the voters respectively. And Danish State Railways and the postal system became somewhat more popular as targets for savings cuts. Some 24 percent gave this response in 1986 compared to 19 percent in 1982.

6578
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BERLIN TEXTILE INDUSTRY COMPETES BY INVESTING, EXPANDING

Innovation, Market Expansion Priorities

Duesseldorf HANDELSBLATT in German 30 Jun 86 p 14

[Article by Edith Lucas: "A New Modern Textile Industry Is Growing in Berlin"]

[Text] On the occasion of a press conference on the current situation of the Berlin textile industry President Hans Wiebe of the Association of the Textile Industry of Berlin stated: "Berlin is one of the most interesting locations in the world for the textile industry."

In comparison with the remainder of the territory of the Federal Republic, the Berlin textile industry has undergone a decidedly more favorable development as a result of its high innovation strength--in the last 3 years the investment volume amounted to DM 360 million, including DM 150 million just in 1985. The turnover of the Berlin textile industry grew by 12.2 percent (1984: 8 percent) to a level of DM 836 million (760) and, for the same period, the number of employees also rose by 100 to a level of 3,500. This is said to prove that not only turnover but also the number of jobs have continuously risen and an additional specific increase in jobs is assumed for 1986.

"Meaningful wage increases are the rule of the hour," said Wiebe, particularly since the currently ongoing tariff negotiations have the Berlin textile industry of the opinion that wages may be permitted to rise only if they are cost-neutral. The more wages exceed productivity, the greater will be the pressure for rationalization. The wage negotiations of the Baden-Wuerttemberg textile industry, with their increase of 4.4 percent, could also be a signal for the Berlin textile industry.

The Berlin textile industry is said to be concerned over the development of energy prices in Berlin. Here, the "scissors between the Federal Republic and the island city are said to have opened wide." The development of electric energy prices in Berlin is also said to be "industry-hostile," since the textile industry, as the fourth largest consumer--following the electrotechnical industry, the chemical industry, and the food processing industry--is hard hit by the development of electric energy prices. Despite the currently minimal declines in electric energy prices, they are said to be, in part, even 30 percent over the prices of all other providers of electric energy in the Federal

Republic. The Berlin textile industry is anticipating that the Senate will intervene in order to limit the electric energy prices charged by the BEWAG [Berlin Electric Power Works Corp.]. Although one "does not dare to hope for a price reduction, one nevertheless imagines that the prices over the next 5 years should remain stable," stated Wiebe.

Many Problems Still Concern the Industry

The textile industry not only sees the problem of mastering competitiveness by "producing in the face of full wardrobes and fully equipped apartments," but also as a result of the limitation of factory hours. Wiebe emphasized that a continuously producing enterprise would always work on a qualitatively better level than one which starts and stops.

Whereas the world over and in neighboring European foreign countries the 7-day opening of enterprises is permitted and also implemented, this has thus far not been possible despite all efforts. The Berlin textile industry would be in a position, shortly, to create several hundred jobs and could offer various shift configurations in this regard which would satisfy the needs of employees in that they would not signify a prolongation of worktime for the individual employee through lengthening machine running time, but, rather, would provide individuals with the opportunity to implement work distribution.

The textile industry is appealing to the legislators to use a sensible interpretation of existing legal provisions to facilitate fully continuous enterprise operation. An exemption ruling would also permit many of the demands of the trade unions, such as, for example, the shortening of working time, to be taken into consideration.

Technical Textiles Will Be Strengthened

Although all large enterprises have increased the number of trainees in the last 2 years, an urgent need continues for trainees in the technical area, which it has not been possible to fully cover despite intensive advertising--which is the reason why some training positions remain open for the new employment year. The Berlin textile industry consequently welcomes the qualifications campaign of the Economic Senate and is more strongly cooperating with the Labor Offices in their efforts to integrate and requalify the unemployed.

In this connection, Wiebe placed particular value on the finding that the textile industry was neither a "dirty" industry nor one that had heavy-duty jobs. The only deterrent is said to be the three-shift operation which is not very popular, particularly with German employees, and which, consequently, uses a sizable number of foreign workers. There is also talk here of a "male" industry.

The area of technical textiles will be expanded more broadly in the future than heretofore and will explore new fields with new and interesting products, according to Wiebe's prognosis. Where thus far concepts such as "geotextiles" (for example, textiles required to aerate lakes and rivers with pipes which let air through outward but are water-impermeable inward, products to fortify dikes or craters in order to catch rainwater) had been extensively the purview of the specialized world, they have increasingly become the center point of broad public interest as a result of topical events in areas of offshore clothing (for example, fire-resistant clothing, survival suits, etc.). An overview of this broad spectrum of the textile industry is provided by the specialized "tech-textile" exposition which took place in Frankfurt from 10 through 12 June.

"The Berlin textile industry is looking optimistically to the future, but we do not wish to hide the fact that the wind is blowing more strongly into our face," stated Wiebe. Strong competitive pressures exist at present, caused by imports from the dollar area and deteriorating foreign exchange ratios in the European area, primarily with respect to the British pound sterling. Added to this is a decline in exports to the East caused by declines in foreign exchange earnings, which in turn is caused by the decline in oil prices for these countries. New markets must be sought and the Berlin textile industry is said to be optimistic with regard to being able to utilize new contacts with the GDR for trade transactions.

Riedel and Tietz Found Gaps in the Market

The Berlin jersey knitting enterprise of Riedel and Tietz has rounded up its production program in search of new possibilities with the production of technical fabrics because the production of 4 million meters of raw white knitted fabric per month--that is, 700 tons--"we have already hit the ceiling as far as ladies' outer garments are concerned," stated Herbert Riedel, the chief executive officer of the enterprise which had been founded in 1970 as an OHG partnership.

The circular knitting establishment for jersey yard goods, which had been established in 1970 along with an affiliated benefication enterprise, achieved a turnover last year of DM 73 million with approximately 360 employees. The export share of this turnover was around 30 percent. Production is accomplished on an area of around 32,000 m^2. Riedel and Tietz operate on the three-shift system with the most modern circular knitting machines and produce double- and single-knit fabrics, with approximately DM 28 million being invested for this purpose over the last 4 years.

The collection encompasses all topical raw materials such as wool, cotton, viscose, polyester, and their mixtures and a newly installed discontinuously operating facility makes it possible to achieve various types of soft silklike fabrics in the polyester area. Particular value is placed upon the high-quality standards; second-quality merchandise usually runs less than 1 percent of the volume. The customer circle includes all significant printing plants, fabric wholesalers, and processors, who receive jersey fabrics which are knitted, cleaned, or preprinted. The products flow into the ladies' garment industry, into sporting goods and domestic textiles, and into the underwear industry.

The production program is rounded out and secured through the production of technical fabrics (for example, coated carrier material for the automobile industry, coated fabrics for the roadbuilding industry and for the medical area), explained Riedel. The enterprise considers its participation at the textile exposition in Frankfurt as being supportive of a production program which continues to be oriented toward the future.

Since 1972 the enterprise has been devoting 20 percent of its total capacity to the Berlin Wiebe group as paid work with the partnership relationship far exceeding normal supplier-customer relationships. The joint undertaking includes, among others, a set of equipment.

Firm Opens Berlin Factory

Duesseldorf HANDELSBLATT in German 1 Jul 86 p 14

[Article: "The World Market Is Becoming Very Narrow"]

[Text] The Interglas-Textil GmbH of Ulm, an enterprise of the Steiger & Deschler group, celebrated its 25th anniversary by inaugurating its new plant in Berlin. This is the largest textile expansion investment in recent years in Germany, as emphasized by the chief executive officer Walter Deschler in a press conference.

Interglas produces fabrics from glass, plastics, and carbon fibers for the electronics industry, for aviation and spaceflight, for vehicles for the railroads, for highways, for water, for the engineering and apparatus construction industry, for the sporting goods industry, for the construction industry, for filtration and waste gas equipment, for grindstones, textile wall coverings and nonflammable decorator fabrics. The new Berlin plant engages in fully integrated textile fabrication for the manufacture of glass fiber fabrics (basic fabrics for the production of circuit boards) for the electronics industry. The main fabrication steps consist of preliminary shop, weaving mill, and glass finishing shop, with the capacities of the various production stages being coordinated with each other. Additionally, there is a department for the weaving of textile fabrics for the ladies' outerwear industry, whose share in the total turnover amounts to 15 percent.

The enterprise management stated that turnover expectations during the 1st business year (30 June) were around DM 10 million. For next year, some DM 40 million are expected and for the 3d business year a turnover of some DM 80 million is expected to be achieved. "A textile enterprise must operate at 90 percent of capacity, otherwise it cannot prevail on the world market," emphasized Deschler; consequently, the enterprise, which is equipped with the most modern equipment in the industry, is gearing up for a hard competitive battle.

Investments valued at DM 63 million for the first stage include DM 34 million for the machine inventory and DM 29 million for construction costs on the 50,000-m^2 property in the southern part of Berlin. Production was initiated in October 1985 and since then 168 employees have found jobs; after the second construction phase some 250 jobs are to be available through the middle of 1987. Annually, 10 trainee positions are to be made available in the professional area.

Partners of the Interglas-Textil GmbH in Ulm, whose basic capital was increased in June 1986 by DM 5 million to a level of DM 18 million, are Steiger & Deschler GmbH (manufacturers of high-fashion fabrics for ladies' outer garments and linings) (50 percent) and the Basler Handelsbank. Following a turnover of DM 235.3 million in the 1984/1985 business year (30 June), a turnover of only DM 210 is expected for the still ongoing business year, resulting from a decline in raw fabric sales.

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ECONOMIC FRANCE

ECONOMIC DIFFICULTIES OF SHIPBUILDING INDUSTRY WORSEN

Paris LE NOUVEL ECONOMISTE in French 20 Jun 86 pp 48-49

[Article by Jean Gloaguen: "Shipyards. The Test"]

[Text] Only the taxpayers' money keeps the shipbuilding industry above water. The new government regulation forces shipyards to adapt to the laws of the marketplace. What is to be done with that bottomless pit which French shipbuilding has become for public finances? The management of Normed, (7,000 employees) one of the two industry groups along with Alsthom-Atlantique, summoned a businessmen's central council meeting on 24 June for a "report on a possible cessation of payments." After the presentation of the balance sheet, it is considered inevitable. The future of the three companies (Dunkerque, La Seyne, and La Ciotat) depends on the readiness of other companies to take them over. An approach at Creusot-Loire may result in closing several sites. It is also a test for the government, which does not wish to squander taxpayers' money on lost causes.

A letter from Alain Madelin to Jacques Dollois, chairman and managing director of Normed, began the steps toward liquidation of the property. The minister of industry informed them that regulations between the State and the construction sites had been changed. As the EEC hopes, government assistance will be granted in proportion to orders, and at a maximum should represent 20 percent of them. As a result there is an end to the subsidies which made it possible for the shipyards to meet their monthly obligations regardless of costs or lack of work.

Madelin has provided for generous arrangements to avoid the social unrest which a sudden application of these provisions would not fail to cause. It is true that his room for maneuvering is relatively wide: Each job maintained at Normed would have cost 1 million francs during the next 3 years.

Naval construction subsidies skyrocketed and reached 5 billions in 1984, 4 billions in 1985 and no doubt the same for 1986. That is a costly drift which demonstrates the crying inadequacy of rationalization efforts when the market is in free fall.

A cyclical industry traditionally, French naval construction, like the rest of world naval construction, fell sharply after the follies of the mid-1970's. At that time, the petroleum crisis had stimulated orders from shipowners and filled order books to record levels. Apparently no one foresaw that the increase in prices for "black gold" would cause a decline in consumption, and hence in materials to transport.

Backward Surge

All shipyards of the world saw their order books, and their work schedules, shrink dangerously. It was a backward surge accompanied by a pitiless price war: same average tanker of 87,000 tons, worth $40 million in 1980, is today offered for sale at half that price. The competition is all the more fierce since Japan seeks to maintain its supremacy and Korea exercises pressure to become its principal competitor. France, itself, is continually losing points: Its share of the world market declined from 4 percent to 1.5 percent in the space of 10 years. Thus, it was was relegated to fifth place among shipbuilding countries.

The problem is that reduction in production capacity did not follow the reduction in orders received. As early as 1978, however, Raymond Barre was convinced that the French shipbuilding industry was headed toward disaster if it did not become modernized. He unsuccessfuly urged the persons, different at that time, in charge of the five shipyards--Saint Nazaire, Nantes, La Ciotat, La Seyne, and Dunkerque--to regroup themselves into two centers, and then to proceed to close some sites.

In 1982 the Socialists completed the regrouping previously envisaged. On the one hand, Nantes-Dubigeon became part of Alsthom-Atlantique; on the other hand, La Ciotat, La Seyne, and Dunkerque were headed up by Normed, a private company owned by the Intra Bank and the Schneider group. However, the household that should have emerged did not come about. The authorities clung to their illusions about "the inevitable recovery of naval construction" and with the 1984 Lengagne Plan reaffirmed that none of the five sites should close.

Financially, the disaster will come from Normed. The state must help it meet its financial obligations and transform the company into a public enterprise. From the beginning Normed has been strangely penalized. A recent report from the Revenue Court discloses that "State support serves mainly to meet the considerable losses incurred in orders being filled during the fusion of the three shipyards." Later equally dubious methods were used to provide jobs to workers. Thus, to order a squadron supply tanker (PRE) from La Seyne and a transport for landing barges from Dunkerque, they misused a regulation intended to facilitate export of military materiel. The comment from the Revenue Court was: "Considering the specifications of the ships and the unlikely prospects for the national Navy's recovery, the chance of a sale abroad appears most unlikely." According to some analyses the financial costs and upkeep involved in maintaining a squadron supply tanker during the period of nonutilization would be close to billions of francs." That is absurd.

Normed authorities defend themselves, pointing out they diminished capacity and reduced staff. It is true that since 1980 Dunkerque personnel was reduced from 3,400 to 1,600; La Seyne, from 5,000 to 2,300; and la Ciotat, from 6,000 to 2,900. That is a big reduction, true, but far from what took place in

Great Britain. Since 1978, after the closing of 22 shipyards, the British shipbuilders' staff fell from 35,000 to 5,000 persons. Or in Germany: in 4 years staff was cut in half and the famous Bremen shipyard was closed. Sweden has gone still further: that country, number one in naval construction 15 years ago, has decided to shut down its last shipyard.

The French system was defective since it amounted to subsidizing orders as well as the lack of orders. The minister of industry knows that French naval construction has much higher costs than those for Japanese shipyards and cannot exist without public subsidies, but does not allow the taxpayer to finance its excess dimensions.

Its systems of subsidy proportional to the amount of orders profoundly changes the terms of operation. Until now certain leaders of naval shipyards bartered subsidies against an attenuated rate of reducing staff. Henceforth they will have to face their responsibilities, that is to say, act like wholly responsible heads of enterprises: reorganize their productive equipment, develop commercial strategies, and increase productivity. Which shipyards will survive in this new context? Certainly Saint-Nazaire. Perhaps La Ciotat. Dunkerque dreams of seducing a Scandinavian shipowner. As for La Seyne, the mobilization of its personnel already signifies its response.

9772

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FISCAL AIDS FOR CONSTRUCTION SECTOR PROPOSED

Paris LE NOUVEL ECONOMISTE in French 20 Jun 86 pp 118-119

[Article by Thierry Bogaty: "Advantages of the Real Estate Business"]

[Text] Real estate is becoming more attractive!

The "Mehaignerie Housing Plan" presented 3 June (LE NOUVEL ECONOMISTE of 6 June) will considerably improve profitability of new real estate investments: Tax deductions and allowances are greatly increased. And this improvement in conditions forces investors to revise their calculations. To the detriment of the Stock Exchange? That certainly was not the intention of the government, which would find it quite difficult to privatize in a depressed market. But measures from the housing minister's knapsack put the clocks back on time; construction investment, sacrificial victim since 1981, returns to the forefront. Today, despite the potential which the Paris Stock Exchange still has, there is skepticism on the part of those who had abandoned it in favor of the financial markets--and made exceptional profits for more than 3 years. And real estate's regained competitiveness might encourage transfers in the opposite direction. The number of housing starts dropped from 370,000 in 1980 to 295,000 last year, but at the same time rental investments declined tenfold: 5,000 against 50,000!

Pierre Mehaignerie explains, "Investors were discouraged. The shortage is increasingly distressing for those seeking to rent. Looking for housing has become a regular battle." Well, will the waiting lines soon disappear? Four measures aimed at revitalizing housing supply are considered at least likely to reduce them: abrogation of the Quilliot law; the lump sum tax deduction for income from land is raised from 15 to 35 percent for 10 years, in case of new investment in the ninth year; a 10-percent tax reduction on each investment if there is a commitment to rent for 4 years, (compared, respectively, with the previous 5 percent and 9 years)--the same applies for new construction, with a 400,000 franc ceiling, or 40,000 nontransferable francs if the tax due is less than that ceiling; and, finally, the limit on deductible interest on loans for acquiring new property is doubled; (25 percent of 30,000 francs, plus 2,000 to 3,000 francs extra for 5 years for each dependent child.) One can see that three of these measures concern investments for rental...and even exceed the experts' demands!

Profits

It is true that the law has not yet been passed. It was presented to the National Assembly in July, to the Senate during the fall session, and will probably not be promulgated before the end of the year. And perhaps it will be amended. But Paul Mareau, the minister's official representative, states that "So far as the tax aspects are concerned, this law will be retroactive to 1 June, in order not to freeze operations until the date of its application."

Should one invest in real estate, then? The figures themselves provide an answer. Today investors reason in the "American way": with a calculator in hand. An investment in rental housing brings in approximately 6 percent per year for an efficiency or a two-room apartment worth 400,000 francs. That is the most common investment since it is the most profitable. A careful deregulation of rents could increase this rate of return somewhat, but it is mainly the new tax measures which will make housing investment more attractive. Net profit sharply increases--that is, after taxes, (the only amounts withheld). After the new tax is reduced by 35 percent the tax will amount to be no more than 1.95 percent, provided the 50-percent marginal tax rate is maintained. To that is added the 40,000 franc reduction. Calculated over 10 years, it increases profitability by more than two points. All in all, there is a net profit of more than 6 percent, no longer threatened by the IGF, whose elimination is provided for in the Finance Bill. That will encourage landlords not to ask for excessive rent! By way of comparison, investments in old or new property made before 1 June show a net profitability of over 3.6 percent.

It is true that landlords' costs make considerable inroads on their income. And capital gains are hypothetical: In Paris last year the average price of a square meter increased by 13 percent (figures from the interdepartmental Paris Chamber of Notaries) but that is because of the delay accumulating over the past several years. Only a sharp rise in inflation would benefit real estate, which would then return to the splendors of the 1970's. But "productivity increases" in new real estate still are considerable: more than 2 percent.

Will that be enough to tip the scales in the other direction, scales which for several years had shown a preference for the financial markets? Perhaps not. But certainly it will restore the balance. Bond investments, considered a privileged alternative, actually offer a gross profit of 8 percent (for state funds) and the bonds enjoy a privileged tax status: a global reduction of 5,000 francs (or 10,000 francs for a couple) on the income of real estate investments (shares and bonds) and beyond that a 26 percent lump sum levy at source.

Accepting this formula, net profitability thus comes out to be a little less than 6 percent: the same as for real estate. And there too, capital gains are not a conclusive factor. Experts agree that the main element of the marginal reduction in rates--a synonym for capital gains--has already been utilized. A possible shrinkage in real rates (today in the order of 5 percent) may conceivably permit reevaluation of old bonds...but would on the other hand reduce the return on new issues.

Equity

Today one may speak of the good and bad points on each side. Thus equity is reestablished between financial yields and construction investment. Therefore there is no question of deserting the Stock Exchange, but merely of restoring balance in its holdings. And the abrogation of the Quilliot law eliminates a brake which no longer existed, except psychologically, after the amendments brought about by Paul Quiles and Jean Auroux.

The government anticipates the construction of 35,000 extra lodgings over the coming 2 years in the rental investment sector. Thus the curve will begin to rise. Provided that high income taxpayers comply with the tax system. Because they are the targets: The benefits offered them, translated into extra income, are all the more advantageous since investors are highly taxed. But they should not ignore the tax incentives, at least if low liquid assets and a high initial investment are not insurmountable obstacles. According to calculations by the minister of economy and finance, if investors respond to Pierre Mehaignerie's appeal it will cost 2.5 billion francs each and every year. The housing minister certainly hopes to see these billions reinvested. But what about the Internal Revenue Service?

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PAPER DISCUSSES FAILURE OF GOVERNMENT'S ECONOMIC POLICIES

Athens I VRADYNI TIS KYRIAKIS in Greek 22 Jun 86 p 5

[Article by Athan. Kanellopoulos]

[Text] The changes in critical economic magnitudes are 50 percent worse than the initial government forecasts, as has been admitted by the appropriate minister in recent statements. More specifically:

1. Private and public consumption, at fixed prices, are running at the same levels as in 1985, whereas it had been officially announced to us in February that the former would decrease by 2.1 percent and the latter by 0.2 percent. If it is taken into consideration that production will decline by 0.2 percent, according to the government's forecast, it is obvious that the national expenditure will exceed the national production, and consequently the position of the balance of payments this year, expressed in fixed prices, will be worse than that of last year.

2. As for the balance of payments: Imports of goods and services will decline by 3.3 percent on an annual basis, compared to an initial forecast of 4 percent. And this is so despite the unforeseen decrease in the price of petroleum from $28 to $15 per barrel. The corresponding exports of goods and services will increase only by 3.3 percent, compared to an initial government forecast of 7 percent. But with these data, the government is acknowledging a deficit in the balance of payments amounting to $2.5 billion, whereas it had predicted and announced a deficit of only $1.7 billion.

3. As for inflation: The responsible minister is seen to be overoptimistic in relying on the fact that in May 1985 inflation grew by 0.7 percent, whereas in the corresponding month of 1986 it grew only by 0.5-0.6 percent. And the responsible minister did not choose to make known that precisely this small difference is all the more disquieting, following the tumultuous drop in prices for fruits and vegetables. It should be noted that for the entire 5 months of 1986 inflation comes to 7 percent, compared to 7.4 percent for 1985. And this is called a "slowing down." On an annual basis, the cost-of-living index is moving up at a rate of 25 percent--that is, at a higher rate than that of 1985.

It is clear that the measures taken in October for purposes of stabilization not only did not produce anything positive, but on the contrary worsened the economic situation of the country, as is evident from the report given by the responsible minister of national economy himself. As is known, one objective goal of the October economic measures was to reduce demand (by taxation, no growth, devaluation, inflation) in order to hold down the deficit in the country's foreign transactions. Nevertheless, this deficit does not seem to be decreasing substantially, nor does it seem that a fundamental structural improvement in the balance of foreign payments is being realized. In order to judge the effectiveness of the measures, in evaluating the balance of payments situation the decrease in expenditures because of the fall in the price of petroleum products should not be included--since this fact is unrelated to the government's activity--nor should the income from the EEC, a fact for which those in power owe a debt of gratitude to the New Democracy Party. Thus, if we subtract the imports and exports of fuels and the receipts from the EEC, the deficit in the balance for the 3 months of January-March was $733 million in 1986, compared to $722 million in 1985. That is, a worsening of 1.5 percent was noted.

More specifically, as of March the increase in the deficit is 9.7 percent, a fact that betokens an increase in the deficit for all of 1986 on the order of 10 percent. Thus, the deficit in the balance, without fuels and the EEC, for all of 1986 is anticipated to establish itself at a level of $2 billion. If to this we add the deficit from imports of fuels, the net receipts from the EEC, and the exceptional decrease in foreign exchange from tourism, the total deficit is expected to range around a figure of $2.8-2.960 billion. In essence, of the gains from the decrease in payments for crude oil (about $800 million), $150 million of these are offset by the fall in receipts from tourism and $250-350 million from the structural worsening of the balance on account of the economic measures of the government.

The question which understandably arises now is--why did the government's Thatcher-like measures fail? The basic reason is the government's squandering of the nation's revenues for financing the consumption expenditures of the State and the weakness of investment activity, in association with its disregarding of the principles of operation of the money market, which once more prove to be impressively more powerful than the dogmatic fanaticism of those in power. The October measures aimed at either checking demand by individuals or the transfer of income to the State. In this way it was hoped that the operative economic principles would hold down consumption expenditure by individuals to a greater extent than the consumption expenditure by the State increased. As I had stressed on another occasion, the government did not understand the role of the "brake of conservativeness"--that is, the reaction of private citizens to the suppression of their income. The great liquidity of the economy (private deposits equal to the national income) gave and gives individuals the ability to cover their income shortages by drawing supplemental money from their accounts. And in addition: In light of our endemic inflation, individuals have hastened and are hastening to invest their deposits in durable consumer goods and in foreign currencies.

It is a distinctive fact that in the first 5 months of 1985, private deposits noted an increase of 116 billion drachmas, while in the same interval of time in 1986 they saw a decline in absolute terms. In consequence, expenditure remains undiminished, and thus it is not possible to expect an improvement in the balance of payments. The government's economic measures themselves are leading to these reactions by the economy.

Under these conditions, borrowing from abroad to cover foreign exchange expenditures, as well as those in domestic currency, will come to about $2.8 billion, and this borrowing will retard the economy during the coming years through interest payments amounting to about $350 million. But this confirms the finding that neither in 1987 nor in 1997 will it become possible for the economy to get out of its crisis. In this period, the need will emerge for the repayment of the incurred new debts, which are spread out over a period of 5 years from the contracting of them. A way out of the crisis is not possible when the nation's revenues are being squandered in consumption expenditures by the State, when net private investments of fixed capital have almost vanished, and when the benefit from the decrease in crude oil prices is held back by the government on behalf of the State, so as to make possible this year also the effecting of ostentatious expenditures without any gain and the conducting of massive new hirings with a view toward the municipal elections.

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DEMOCRATIC RENEWAL LEADER RAPS SOCIALIST ECONOMIC THEORIES

Athens I KATHIMERINI in Greek 26 Jun 86 p 10

[Text] The chairman of Democratic Renewal [DR] charged the government with heavy responsibilities for the absence of a program for economic development and also for worsening the situation in the ailing companies which are now being operated by the government and which are no longer able to guarantee employment for their workers.

In his regular Wednesday meeting with the political editors, Kon. Stefanopoulos was critical of the government for its failure to formulate an economic development policy after 5 years in power, with the result that economic recovery is "extremely unlikely."

In the opinion of Stefanopoulos, the basic reasons for this situation are PASOK's "socialist theories" which completely discourage every effort of private initiative, while at the same time the government proved unable to replace private economic activity with a corresponding activity in the public sector. He said the government's productive investments during PASOK's 5 years in power are almost nil.

PASOK's failure has extended to the ailing socialized companies which were in no way rescued or restructured, and to state enterprises and agencies which suffer from obvious mismanagement. The deficits of these two sectors have reached unacceptable heights.

Stefanopoulos emphasized that the overall effects of PASOK policy is recession, a decline of production of real income of the working people, high inflation, increased unemployment, increased imports with a decline in exports, and a very dangerous expansion of foreign debt. Above all, unemployment and inflation hurt the "underprivileged"--thos for whom PASOK claimed to speak.

Waste of Money

The DR chairman castigated the wasteful use of public funds in the public and socialized sector. Speaking specifically on ailing companies, Stefanopoulos said that the present situation is due to the PASOK policy which, he termed, is speculative or based exclusively on partisan criteria.

"Today", he said, "it is evident that the take over of these enterprises and their placement in the public sector was not designed to bring them back to health but to 'take care' of the government's party friends at the expense of the taxpayers and the people who were working in these companies. The latter, in fact, face a question of survival.

"The administration of the ailing companies was manned with inexperienced or unskilled persons. Millions are wasted on studies for their restructuring, while the technocrats who were hired to bring these companies back to health continue to be paid without doing anything at all. We have cases of enterprises where people were hired even though they already had excessive personnel.

"The government," Stefanopoulos concluded, "cannot hide its responsibility much longer for the situation which its policy has created in the ailing companies."

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ECONOMY MINISTER TACKS ON NEW POLICY AFTER MUNICIPAL ELECTIONS

Athens I KATHIMERINI in Greek 27 Jun 86 pp 1, 3

[Article by Kostas Dedes]

[Text] In reviewing his first year in his post, National Economy Minister Kostas Simitis yesterday let it be understood that the government is forced to re-evaluate its economic policy. Simitis said that in early July the Supreme Council of Economic Policy will make a comprehensive study of the course taken by the economy and that the findings of this study will form the foundation for development of the 1987 economic policy.

The intention to chart a new economic policy for next year--its outlines were not defined--is obviously the result of the fact that the present economic policy (for development and stabilization) does not promote development nor does it help stabilization as expected.

Since the main goal of the stabilization measures--to reduce the deficit in current accounts--is impossible to achieve, the government is thinking in terms of toughening the stabilization measures after the municipal elections. This possibility became more likely after yesterday's statements by the National Economy minister.

With regard to the developmental part of the "projected" economic policy, Simitis made reference to development of the farm sector (primary production), reorganization of the banking system, and measures against unemployment, but without going into details. He only said that the first discussion will take place Monday in the National Council for Development and Planning [ESAP].

Simitis also spoke in reference to housing. He said "the government intends to move ahead on the question of housing," adding, that "the housing policy will be re-examined, to make sure all parties (banks, ministries, etc.) express a unified housing policy which will be uniformly implemented."

As the minister said, the government will prepare several scenaria for charting economic policy which will be applied in 1988 and 1989. In the meantime and until the end of 1986, the government's main concern will be implementation of the stabilization program.

Speaking on formulation of the second 5-year plan and the role of the Center for Planning and Economic Research [KEPE], Simitis said that in addition to KEPE, a "special service" will be formed at the ministry to prepare (from the political side) direction of the economic policy since planning requires political decisions as well."

Improvement of DEKO

Simitis said the government intends to examine pricing policies of the Public Enterprises and Organizations [DEKO] to have more effective planning and more rational setting of prices for the services performed by them.

Simitis said in the context of improving the situation in DEKO, studies have already been completed for the Social Security Foundation [IKA] and the Public Power Corporation [DEI]. Similar studies are being prepared for the Telecommunications Organization [OTE], the Urban Communications Organization [OAS], the Greek Aerospace Industry [EAB] and Athens and Piraeus Water Supply and Drainage Co. [EYDAP]. The minister added that "we must deal with DEKO's debts" and mentioned IKA as an illustration, "which cannot cope year after year with its debts."

With reference to "socialization" of DEKO, Simitis said the related decrees are before the Council of State and the adjustment of the basic law is being studied.

Other Institutional Changes

Referring to other institutional changes in the economic sector, Simitis added that the government will push forward in the Chamber of Deputies the bill for urban cooperatives, as well as the bill concerning the leasing of mechanical equipment. The latter bill will be completed before the end of this year.

Moreover, there is now discussion with the Ministry of Industry, Research and Technology on the bill concerning the setting up of limited-time joint ventures.

Finally, the bill concerning planning agreements and time-sharing leasing in tourism will soon be pushed forward for enactment.

The National Economy minister made interesting statements regarding interstate economic relations. The statements indicate that Papandreou's economic overtures to the Arab world and to certain Eastern countries were fruitless.

More specifically, Simitis said that [the government] will try to expand economic cooperation with the United States, Japan, China, India, certain Persian Gulf countries and certain African countries. He explained that relations with Eastern and Arab countries will remain as they are (the levels are not satisfactory) except for Hungary and the USSR where an effort will be made to expand our economic relations.
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ECONOMIC GREECE

OPERATIONAL DATA ON AILING FIRMS

Athens TAKHYDROMOS in Greek 19 Jun 86 pp 16-17

/Article by Ath. Kh. Papandropoulos: "Ailing Firms. The Problem"./

/Text/ Operation recuperation already has begun for the considerably large and deep in debt firms. Of course, the project has its difficulties and its painful repercussions. But there has to be a start sometime, before the gangrene grows and dangerously poisons our entire economic organization.

For the last seven years in our country, aside from what is being claimed by slogan campaigns with very little supporting evidence, the profits of the industrial firms are diminishing. The risk takers who decide to establish industrial units are becoming fewer. Many traditional industries are declining and the ailing firms are increasing. As a result, two disastrous phenomena are evident for the further economic development: On the one hand, the Greek industry does not produce and is not being replenished, and on the other, it becomes negative to the social total under the stress of its problems.

And from this point of view, the facts we have are revealing. For instance, in 1984, of a total 3,260 industrial firms, 1,417 had losses and 1,840 had profits that did not, however, cover the negative results of the firms that had losses.

Fatefully, during that year, the industry ended up with a total loss of 20 billion drachmae, a large part of which is due to the ailing firms whose recuperation already has begun. Which ones are those ailing firms, however? How much money do they owe? What is their future? Here is a set of questions that may not interest most people, but that are very important to the ailing economy of our country.

The Greek Approximations

According to IKA /Social Insurance Foundation/ Chief, Mr Th. Katsanevas, the problem of the deep in debt firms mainly is due to the irrational loan policy of the previous governments, a problem that is creating dangers of unemployment for a large number of workers, while similarly it is a source of a continuous money hemorrhage of the state banks that substantially have taken over these firms.

From his point of view, Mr G. Katsonis, a reporter well acquainted with the subject, recognizes that over-borrowing is one of the reasons for the existence of ailing firms in our country.

"Yes", he says, "the voracious tactic of over-borrowing starting during the junta years and later, of course, it came to the present unfortunate results. It was the oil crisis that more than doubled the cost of energy for the industry and raised the interest rates. This way, many firms did not have enough income to cover their loan payments.

"The then governments, however, did not want to adopt the right solution, that would be to let the firms solve their own problems. In other words, to raise the prices of their products according to the new cost factors and if the competition and market conditions were conducive to it, to find a way to reduce costs, increasing the productivity in every way (if necessary, by reducing personnel). If they could not survive, let them fail.

"But those who were in power then were possessed by the "social syndrome" and the myopic politicizing that is obvious -indeed to a greater degree- of the present ones. With elections coming up, they did not allow an increase in prices when they should of and as much as they should of, while they did not allow any firing of workers whatsoever. When the business men would ask, "how are we going to make ends meet", the answer was: "We shall help you". And they gave them more loans, just as you increase the dose for the drug addict", says Mr Katsonis.

"The reasons that brought the crisis to many ailing firms", says Mr Giorgos Anomeritis, chairman of the board in the Organization for the Economic Reconstruction of Firms, "are many. The most important ones, however, are summarized: In the investment stagnation during the last 15 years. In the bad administration, resulting in the continuously worsening financial-economic organization. In the inadequate management and the lack of organization. In the maintenance of a static structure and orientation of the firm in a fast changing international economic environment.

Thus it was fated for us to reach the present condition that is not at all good..".

"And this because", according to Mr Agi Khrysis, president of OAE /Greek Federation of Resisters/,"many ailing firms cope with the problem of finding able executives, as well as financial/economic resources. Other ailing firms are considered to be beyond repair and should be closed. And something like this, as admitted by qualified observers of the market, is urgent, because during the past years, the ailing firms have drained about 300 billion drachmae from the banking system, without offering something positive to the national economy".

According to Mr Drakos, an industrialist and former president of the Greek Industrialists Association, the ailing firms are the children of a series of errors, the responsibility for which lies with the industrialists, the banks, especially the National Bank, and the government.

"The industrialists", says Mr Giorgos Drakos, "have the responsibility because they failed to adapt and respond to the third industrialist revolution. From its point of view, however, the government must recognize its mistakes. It took 2 years for the ND to define the respective law and another 2 years for PASOK to revise it. A total of 4 years, during which the rate of interest at the time and the compounded interest at least doubled the debts of the firms. What justice makes these firms pay for this delay? Unlikely delays have also been confirmed in the confrontation of the crucial problems by the National Bank that amount to many years - and these delays unjustly burden the ailing firms".

"It is a real gangrene", financier Mr A. Siafakas tells me and emphasizes that "the deep in debt firms made bad use of their capital".

"The delays for finding a solution for the ailing firms amount to a large hemorrhage for the economy", says Mr G. Katsonis. And he wonders how much it costs the Greek taxpayer for the present policy that in his opinion is off the track. He says, "We are talking about many tens and perhaps hundreds of billions that do not offer any productive service whatsoever to the economy. To the contrary, they are depriving other dynamic industrialist branches of productive means and are supporting a sick climate in which no one profits".

Therefore, it was urgent to make a decision for the ailing firms. So the hemorrhage may be stopped sometime, since it could drag the giants such as the National Bank into chaos. Even if this means closing the firms that are not viable. Operations are not always pleasant. They are usually painful and in any case necessary.

As far as unemployment is concerned, the authorities have realized that the capital going down the drain for the ailing firms could be used for new productive activities that could generate new jobs. Those jobs that will absorb the unemployed who will result from closing the ailing firms.

The Ailing Firms: Which Ones They Are and How Much They Owe.

Firm	Date Taken Over	Debt on Date of Takeover (mil. dr.)	Number of Employed Persons	Total Sales 1984 (mil. dr.)	Debts in Foreign Currency (thous.)
Mikhailidis	26 Aug 83	2,826	940	1,941	52,910
Textilia	26 Aug 83	189	104	-	-
N.G. Douridas	17 Oct 83	1,491	597	675	146,178
Clothing Industry, Volos	14 Dec 83	786	567	214	59,689

Velka	14 Dec 83	5,094	817	2,213	305,699
Perfil	31 May 84	2,508	340	214	122,949
Ariston	31 Aug 84	1,117	65	74	117,316
Peiraiki-Patraiki	31 May 84	34,985	6,800	17,774	5,488,000
Mekka	31 Aug 84	1,300	30	-	-
Vionyl	27 Nov 84	1,300	-	-	-
Pournaras	9 Jan 85	520	145	300*	-
Total Threadspinning Industry		52,116	10,405	23,405	6,292,741
Temea	18 Oct 83	116	44	104	-
Skapaneas	21 Nov 83	12,379	60	-	575,900
Kouppas	30 Dec 83	1,797	417	876	233,380
Viovalv	30 Dec 83	437	105	102	134,000
Sindos	30 Dec 83				-
Mak-Metal	26 Mar 84	1,374	159	447	122,000
Fanestropoulos	7 Jun 84	1,721	82	186	563,000
Profile Aluminium	31 May 84	2,065	128	409	421,000
Pyr-Kal	17 May 83	15,973	3,600	6,364	921,000
Total Technicians-Manufacturers		35,862	4,595	8,488	2,940,280
Elinda	19 Dec 84	9,000	2,000	4,000*	1,000,000
Operations, Inc.	30 Nov 83	9,973	3,662	6,380	3,018,000
Macedonian Whitestone	30 Nov 83	929	135	1,601	5,000
Elefsinian Bauxite	30 Nov 83	1,510	572	1,310	186,000
Total Mining		12,412	4,369	9,291	3,209,000
EPAS-Sotiropoulos Bros	27 Nov 84	3,000	400	400*	200,000
Thessaliki	26 Oct 83	6,515	388	1,326	3,166,500
Athens Paper Industry	30 Mar 84	17,051	2,757	12,650	5,014,000
MEL	16 Apr 84	5,108	393	1,116	57,320
EGL Ladopoulos, Inc.	23 Jul 84	4,500	532	500*	40,409
Total Paper Industry		33,174	4,070	15,592	8,278,229
Kavala Plastics	8 Feb 84	877	119	517	304,000
Elvissak	10 Feb 84	173	74	102	37,000
Total Plastics		1,050	193	619	341,000

Karolos Fix	8 Nov 83	8,000			100,000
Greek Beer Industry, Inc.	29 Feb 84	4,821	203	492	3,470,000
Katsarou Bros	1 Mar 84	40	3	-	-
Greek Brewery Winery	3 May 84	1,417	23	-	5,450
Veko of Salonika	17 May 84	2,802	123	188	246,000
Total Food Beverages		17,080	352	680	3,821,450
Dimes	9 Mar 84	640	111	165	216,669
Etoile	31 Aug 84	250	65	108	-
Minion	5 Dec 83	3,400	597	2,804	898,814
Total		167,984	27,157	65,552	27,244,183

*Estimates

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OFFICIALS OF ORGANIZATION TO AID AILING FIRMS INTERVIEWED

Athens ELEVTHEROTYPIA in Greek 25 Jun 86 p 12

[Interview by Spyros Stamou and Maria Garoufali with OAE Chairman and Executive Officer Georgos Anomeritis; date and place not specified]

[Text] Georgos Anomeritis, chief executive officer of the Organization for the Economic Rehabilitation of Enterprises [OAE], said the products of ailing companies can become competitive. He bases his view on the fact that in 1985 these companies sold products worth 100 billion drachmas and exported products worth 30 billion.

"This last figure indicates the position of these products in the international competitive markets and proves most convincingly that ailing companies--if they could solve their financial problems--would become healthy and could produce even better products," said Anomeritis in his interview with ELEVTHEROTYPIA.

We asked for a live interview with Anomeritis in order to have a dialogue in our effort to illuminate the problem of ailing companies in every respect. But he chose to collaborate with OAE Chairman Agis Khrisis and give us written answers to our questions. So we had no opportunity to ask follow-up questions. He said: "Here we work collectively."

The full text of the answers we received is as follows:

Question: Are the products of ailing companies competitive in terms of quality and price?

Answer: The ailing (problematic) companies are named so, not because they produce products of questionable quality or services, but because they have financial problems. Most firms produce consumer or capital products which are controlled in terms of quality and cost, so that both of these parameters allow a comfortable position of their products in terms of competitiveness.

In 1985 the so called ailing companies sold products worth 100 billion drachmas and exported products valued at 30 billion. This last number indicates the position of these products in the international competitive markets and proves most convincingly that if ailing companies could make the necessary investments and internal management changes, they could become sound in terms of production and could produce even better products.

Question: What will the OAE course be after rehabilitation? Will the organization change in form?

Answer: The Organization for the Economic Rehabilitation of Companies, although established together with the law for ailing firms in 1983, has as its objectives--in addition to economic rehabilitation of the companies which have financial and credit problems--the following:

a. Introduction and implementation of foreign technology, and development of domestic technology, and

b. establishment and operation of socialized or mixed economy (public/private) enterprises.

As the premier said at the Salonica International Fair, OAE will become an investment company to play an active role in industrial development.

This means we must see OAE as an organization for economic development aiming beyond rehabilitation of ailing companies, which caused its creation. Similar agencies, created in moments of economic crisis, exist in many other countries, with a significant contribution to development and management of contemporary industry.

OAE is a public-interest corporation and its organizational structure is designed to actively help the firms it controls. At the same time it studies and prepares branch and feasibility studies for each company it manages or establishes.

As Deputy Minister Vaso Papandreou said, OAE is a prototype of a vulnerable [sic] and effective public enterprises.

Question: What about their employees?

Answer: The most significant problem in the process for rehabilitation of an enterprise is reduction in the number of employees, which is primarily the result of the modernization/automation of mechanical equipment.

Another reason for force reduction is a cut down in the enterprise's product output or in price changes for such products in the market place.

OAE's aim is to avoid creation of new jobs rather than to eliminate those which already exist. However, it appears that in the first stage of rehabilitation and stabilization it will be necessary to have a small reduction in force in a few enterprises, either because the number of employees is considered excessive in relation to total output and competition indices, or because of significant investments for modernization and automation.

In any event, all economic and social elements are being examined so that any personnel changes in a company will not cause insurmountable problems in the economy of a specific region.

The OAE view is that this reduction in force will soon be followed by a recovery which will create many more jobs.

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CSO: 3521/194

BRIEFS

TECHNOLOGICAL COOPERATION WITH EAST GERMANY--Mork, the minister of Electronics and Electrical Technology of the Peoples' Republic of Germany, Natsinas, the Greek minister of Industry, Energy and Technology, and Deputy Minister Vaso Papandreou, yesterday discussed questions of energy and telecommunications' technology and increased cooperation between the two countries in these fields. More specifically, they discussed possibilities for cooperation in the area of telecommunications' technology and industrial production of such equipment. The Greek side expressed interest in the participation of Greek enterprises in absorbing the related technology and in producing some of the products in Greece. Yesterday, Mork met with Mavrakis, the president and chief executive of the Public Power Corporation. During the meeting they signed a contract for procurement of high-tension transformers for 400 KV lines, valued at approximately 170 million drachmas. [Text] [Athens I KATHIMERINI in Greek 25 Jun 86 p 7] 7520

CSO: 3521/189

SAAB DIRECTOR DEFENDS DRAKEN JETS SOLD TO AUSTRIA

Vienna PROFIL in German 30 Jun 86 pp 12-14

[Interview with Harald Schroeder, director general of SAAB, by Helmut Voska: "We Were Not Invited to the Draken Presentation"; date and place not given]

[Text] PROFIL: Mr Director General, you hold a valid contract in which the Republic of Austria agreed to purchase 24 interceptor fighters from SAAB. Austria's new defense minister, Helmut Kruenes, has now publicly stated that the obligations guaranteed by SAAB could not be adhered to under the circumstances. In this case, the contract would have to be reexamined. Cryptically, Kruenes added: "I would then see fascinating possibilities and variations." This can only mean that Frischenschlager's successor can visualize abrogating this business transaction with you which is worth billions. What do you say to this?

Schroeder: I understood the testimony by your new defense minister differently. He wants to and must inform himself intensively with regard to the Draken contract so that he would know what is involved. In Austria, there have, in the meantime, been many discussions regarding this contract. But Minister Kruenes will certainly be able to stick with this contract once he has informed himself.

PROFIL: In the event that you actually cannot do what you promised in your contract with the Republic of Austria, can Austria then abandon this transaction readily?

Schroeder: We will do everything we promised.

PROFIL: Should Austria abrogate this contract for some other reason, possibly on account of internal political motivations, are we then obligated to pay a penalty?

Schroeder: This contract cannot be so easily abrogated.

PROFIL: What would you do if the new minister should decide not to buy any Draken aircraft and not to remit any money?

Schroeder: This is a totally hypothetical question I find. I exclude such a procedure on the part of the Austrians. I consider it to be impossible.

PROFIL: The Austrian People's Party member of the Defense Council, delegate and defense spokesman Prof Felix Ermacora told us specifically: "I believe that a withdrawal is completely thinkable according to the contract law and could also be accomplished without penalties.

Schroeder: I do not know how Professor Ermacora could arrive at this juridical interpretation. I can only assure you that the contract contains no such withdrawal clause.

PROFIL: You sell your products throughout the world. You have sold interceptor fighters to Denmark and to Finland. Have you already had experiences with any of your contract partners which are similar to those currently being made with Austria: first to sign contracts and then publicly discuss whether one could not breach them?

Schroeder: In my long years of service I have never experienced anything like this.

PROFIL: Could it be that the compensation transactions which were agreed upon with you and which are valued at 3.2 billion schillings might not come about at all or be reduced? Then Austria would have a morally legitimate reason to not adhere to the second part of the contract.

Schroeder: The purchase contract and the barter contract are two separate contracts. One contract covers the purchase of Draken aircraft. And a second contract regulates barter transactions. Each of these contracts has its own conditions. The contract covering the barter transactions contains a clause which obligates us to pay penalties should we fail to achieve the agreed-upon volume of the transactions.

PROFIL: But the Draken and the barter contract are closely associated with each other. Austria cannot purchase these aircraft at all without the barter transactions.

Schroeder: We are firmly determined to adhere precisely to both contracts. I also do not understand the excitement in Austria: We have already accomplished 10 percent of the barter trade after only 7 months. And, as you know, the barter transaction contract extends over 10 years.

PROFIL: The Austrians have demanded a compensation value of at least 100 percent. You guaranteed 130 percent. Is this any kind of business transaction for you?

Schroeder: Yes, 130 percent was requested and we guaranteed that. All of these barter transactions stand under a commercial point of view: All business transactions must be healthy and no subsidies are to be provided. We want to find a good economic solution for all participating firms.

PROFIL: You did not answer my question: Is the sale of Draken aircraft at a 130-percent rate of compensation any kind of business for your side?

Schroeder: Yes. Austria is that country, apart from Sweden, to which we delivered more aircraft than any other. In other words, we have a good cooperation with the Austrians over a period of more than 20 years. And we are attempting to see to it that Austria remains a purchaser of our aircraft even in the next decades. In other words, we are investing in our own future with the current contract. We are currently developing the new model JAS-39 Gripen aircraft and hope that we can also sell this aircraft at a later time to Austria. I believe I know from conversations with Austrians that they also have an interest in these aircraft.

PROFIL: What significance would it then be for you and your firm should the Draken transaction involving Austria not come about?

Schroeder: We have sold a total of 601 Draken aircraft, 24 of them go to Austria for 2.4 billion schillings, divided over some 4 years. Last year we had a turnover of more than 7 billion schillings. So you see: for us it is a significant but not a sensational giant business transaction.

PROFIL: In a strictly confidential memorandum of the Defense Ministry, it specifically states that there are several provisions, which are guaranteed by the contract, which you cannot meet.

Schroeder: We are familiar with the essential contents of this strictly confidential memorandum from reading it in PROFIL. But we cannot take a position with respect to it for reasons of official requirements to maintain secrets.

PROFIL: We Austrians cannot understand all this secrecy stuff. You must surely be able to answer the question whether the Draken can achieve the maximum speed of Mach 2.0, as listed in the contract or whether it can achieve a maximum velocity of only Mach 1.2?

Schroeder: We will meet the requirements listed in the contract. The Mach 1.2 figure is false. As early as January 1960, the Draken flew at Mach 2.0. It all depends on the altitude at which it flies. It is true--but that is a law of nature--that at a low altitude the Draken does not attain Mach 2.0, as do no other aircraft.

PROFIL: In other words, the maximum speed of Mach 2.0 at an ideal external temperature of -30° C, which is given in the contract, is theoretical and practically unattainable?

Schroeder: That is not true, but this velocity is achievable only at altitudes of over 10 km.

PROFIL: The takeoff and landing performances as listed in the contract are also not achieveable in practice.

Schroeder: When we delivered the Draken to Denmark, we tested the takeoff and landing performances there exactly. And there they functioned. I do not understand why something should not work in Austria which worked in Denmark.

PROFIL: I could explain this to you, but I would have to reach further. The fact is that Austrian pilots say they cannot meet the conditions listed in the contract with this equipment.

Schroeder: Six hundred aircraft are meeting these conditions for 20 years. I cannot say more on this and I do not understand the Austrian reservations.

PROFIL: For Austria, this question is of imminently political significance. You know that some 240,000 signatures were collected in Steiermark against the stationing of the Draken. The environmentally conscious population fears the immense noise caused by these birds. The shorter the runway, the louder the noise made by the Draken.

Schroeder: Yes, that is correct. But we developed the Draken with the goal of being able to take off and land on quite short runways in the event of war. In the event of war it is supposed to even be able to land on highways. We demonstrated Draken takeoffs and landings on 600-meter runways at Uppsala for the Austrians--performances which can be achieved under good conditions.

PROFIL: The Austrian test pilots determined that fuel consumption is much higher than that listed in the contract. Under normal conditions it is around 5,800 liters per hour.

Schroeder: This is an extreme value. Naturally, one can use the maximum quantities if one is constantly using the afterburner. That is also a law of nature. In this respect the Draken does not differ from any other interceptor fighter. If one increases thrust by 50 percent, fuel consumption will be greater. If one flies at 11,000 meters altitude at Mach 0.9, then fuel consumption per hour is about one-fourth of this quantity.

PROFIL: Also, the "service ceiling" is not attained with the Draken. Instead of 18.3 km, your pilot can only rise to around 15 km.

Schroeder: We are meeting the service ceiling requirements and have attained an altitude of 18.3 km and more. But generally I must say: pilots and technicians can argue for hours about these specific questions. In a newspaper interview this is not possible.

PROFIL: I believe you. Only: not all Austrian voters and citizens are pilots or engineers; nevertheless, they must pay billions of schillings for this equipment and, thus, have the right to be informed. Surely as a Swede you will understand that.

Schroeder: I am in full agreement with you. But there is the difficulty that we cannot show you everything the Draken can do. We are subject to strict secrecy regulations of the Swedish and Austrian authorities. We are handicapped in the presentation of our product in this regard.

PROFIL: The Bundesheer study says: on the basis of the aerodynamic design of the Draken--a delta-wing aircraft without horizontal stabilizers, the required banking radii at higher velocities are too great. The maneuverability of the aircraft in support of interceptor roles is, thus, limited.

Schroeder: Every aircraft is a compromise. There are very fast one and there are very maneuverable aircraft. The former are less maneuverable, the latter are less speedy. We can say that the Draken is at least as good as all other aircraft available to make a choice. And as a delta configuration, the Draken can stand every comparison.

PROFIL: Is it true that landings at Zeltweg can be accomplished only with weight-reduced aircraft and only in good weather?

Schroeder: I am not precisely familiar with Zeltweg, but we believe that any operational flight is also possible at Zeltweg if the runway is lengthened from the present 1,600 meters to 2,050 meters and that flights are possible under all weather conditions.

PROFIL: In Graz the Draken could land in bad weather conditions only with the support of radar. A normal instrument approach is not possible because of the excessively high maneuvering velocity.

Schroeder: That is completely wrong. The Draken requires no other conditions than the SAAB-105, which has been flying in Austria for years.

PROFIL: With the necessary auxiliary tanks, the Draken can stay in the air only for about 25 minutes during an intercept deployment and has approximately 7 minutes of reserve. This no longer makes it possible to fly to an alternate airfield.

Schroeder: This presupposes a completely unrealistic flight procedure, regardless of the aircraft model. During a normal identification flight, the Draken can remain in the air significantly longer.

PROFIL: Takeoffs are only possible with the use of afterburners. The angle of climb after liftoff is initially very flat.

Schroeder: It is completely possible to take off without the use of afterburners and it is also done that way. But for safety reasons, takeoffs with the use of afterburners are recommended.

PROFIL: The normal landing approach--in other words, 3° of slope--is only possible with high power plant performances because of the great resistance at low velocities and for reasons of noise and safety problems.

Schroeder: The opposite is true. We propose high rpm's during the landing approach. With high rpm's, safety is at its maximum.

PROFIL: Because of the critical flight behavior of the Draken, the selection requirements and the training costs with respect to pilots are extremely high. The aircraft is not suitable for militia pilots. Is that correct?

Schroeder: We also have militia pilots in the Swedish Air Force. Why this should not be possible in Austria I do not understand.

PROFIL: The listed avionics components are said to be up to the technical standards of the early 1950's. The radar equipment is from former Draken generations and is only installed in aircraft destined for Austria worldwide. Finnish and Swedish Drakens have a further developed radar.

Schroeder: There are differences between the Finnish and the Austrian Drakens. But the reasons are the same: The difference between the Finnish and Swedish Drakens stems from the fact that other weapons, in this case guided missiles, are also mounted.

PROFIL: Finally, the Defense Ministry study says: the flight performance data presented to the Defense Council were producer data which are likely to be strongly exaggerated.

Schroeder: We do not know what was presented to the Defense Council.

PROFIL: Austria also had the opportunity of purchasing the British Lightning instead of the Swedish Draken. How does the Lightning differ from the Draken?

Schroeder: With two power plants it could have been faster although it would consume more fuel and develop more noise. But there are a series of important characteristics which a good aircraft must possess. We consider the Draken to be the best aircraft for the intended missions.

PROFIL: And the Northrup?

Schroeder: It has lower performance characteristics in the supersonic area and higher maintenance costs.

PROFIL: The Austrian pilots who are currently being trained in Sweden are not flying the D version. This aircraft, which was built in the series 1963 through 1965, is mothballed and must first be made ready for takeoff. A practical testing was impossible until now. One pilot trainee on home leave said: "We have bought the Draken in a sack."

Schroeder: The Austrian pilots are flying the F version which is very similar to the D version. In their flight characteristics, both versions are completely equal. Both versions differ only with respect to their armaments.

PROFIL: Why did you not demonstrate your product in Austria?

Schroeder: We would liked to have done that. But we were not invited to do so.

PROFIL: In Austria it is said that you hesitated to demonstrate the aircraft in Austria. You did demonstrate it in Switzerland.

Schroeder: We did not hesitate. The Austrians never asked us to demonstrate.

PROFIL: Would there be consequences for you personally and for your firm if Austria were to abrogate the agreement, no matter for what reason?

Schroeder: Yes, of course. The planning for rearming this aircraft is in hand, the people are in place, they are working, modifications are being made. We are in the middle of retooling.

PROFIL: The largest Swedish newspaper, EXPRESSEN, quoted Austrians as having made trade-damaging statements: "SAAB is swindling us. Austria is hesitant to pay for the Draken transaction." What do you say to this?

Schroeder: Yes, that is not understandable. Such attacks harm our reputation.

PROFIL: If things got serious, would you sue the Republic of Austria for damages?

Schroeder: This question can only be answered in the event things got that far. We sold a good aircraft to Austria under favorable conditions and I believe that cooperation will continue to function in the future. I had not expected that a fundamental discussion with regard to a contract which has already been signed would suddenly begin.

PROFIL: Precisely "Austrian"?

Schroeder: You're the one that said that.

5911
CSO: 3620/749

NAVY SEEN HAVING OVERSPENT READINESS FUNDS

Copenhagen AKTUELT in Danish 27 Jun 86 p 7

[Article by Ole Lorentzen: "On Collision Course"]

[Text] Christiansborg--Peacetime readiness in the Navy is very high and the activity level is proportionally much higher than it is in the other two service branches. The Navy now owes the force of 8,400 men no fewer than 48,000 days off due to the high activity level which has made it impossible to grant leave.

This corresponds to 240 fulltime people working for a whole year and will cost the Navy 48 million kroner.

Social Democratic defense policy spokesman Knud Damgaard does not understand why the other two defense branches, the Army and the Air Force, have gone along with the Navy's excessive use of funds.

"The Navy is maintaining a peacetime readiness that is impossible within the current economic limits for the defense system," Knud Damgaard told AKTUELT.

The Navy's fixed wage costs for a year amount to 1.3 billion kroner. Variable expenses for overtime, etc. were estimated at 164 million kroner in April 1986.

For purposes of comparison, the Army's fixed wage costs are 2.9 billion kroner and its variable expenses are 191 million. But the Army has a peacetime force of 20,400 men compared to the 8,400 in the Navy.

At the same time the Navy's fuel costs and other operating expenses are also higher than the Army's. While the Army spends 45 million kroner on fuel and has other expenses totaling 91 million kroner a year, the corresponding figures for the Navy are 93 million and 169 million kroner.

"The figures show that the Navy uses a much larger share of the defense budget in relation to its size," said Knud Damgaard.

Can't Use Tanks

He said that right now the necessary contracts cannot be signed with enlisted men to man Army tanks because there is not enough money available.

"All the leading officers in the Army agree that an enlisted man who will work as a tank driver should have a 3-year contract if the Army is to get any real use out of him. But that costs 74 million kroner and the Army cannot come up with that amount just now. It is crazy if the Army has to stop using tanks because the 3-year contracts that are needed cannot be signed," said Knud Damgaard. He said that the Navy's peacetime activity must now be adjusted to a realistic level.

6578
CSO: 3613/167

HOME GUARD PLAN SEEKS INTEGRATION OF WOMEN'S UNITS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Jul 86 p 1

[Article by Nils Eric Broesgaard; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The perspective plan recommends equal treatment of men and women: the Women's Army Corps, the Women's Navy Corps and the Women's Air Corps will no longer be separate entities but will be merged with the men in the Home Guard.

The women's corps in the Home Guard should be abolished. That is one of the most important and most controversial points in the Home Guard's "Perspective Plan 2000," which has now been sent out for review.

The three groups involved are the Women's Army Corps, the Women's Navy Corps and the Women's Air Corps. The perspective plan directly proposes that the voluntary women's corps become part of the male Home Guard, adding that "there should be equal treatment of men and women, the organization should be simplified as much as possible and uniform membership conditions should be created for all personnel."

The draft of the perspective plan stresses that the Home Guard Act of 1961 urged that men and women in the Home Guard be treated as equally as possible.

Liberalization has taken place since then so that more and more functions can be handled by women, but full equality has not been achieved. For example women can not stay overnight on Navy Home Guard ships.

The Equal Opportunities Commission, which was also consulted about the perspective plan, felt that the same rules should apply in the armed forces as in the voluntary corps, in this instance the Home Guard.

It was also said that "it should be possible to use men and women on equal terms to carry out functions in all Home Guard posts. Women's corps units should be merged at the district level with corresponding male units in order to make sizable cuts in administration possible.

"This will enable better utilization of the limited resources available and some of the training can be carried out jointly."

6578
CSO: 3613/167

MINISTER SAYS REDUCTION IN MILITARY SERVICE POSSIBLE

Athens TA NEA in Greek 19 Jul 86 p 3

[Text] A reduction in military service is possible, with the reforming and extending to the navy and air force of the institution of (volunteer) soldiers with a 5-year enlistment.

This emerges from an answer given by the deputy premier and minister of national defense, Giannis Kharalambopoulos, to a question by the deputies Kappos, Sakhinis, Korakas, and Maria Damanaki of the KKE on the issue of reducing the time of service and improving the living conditions of enlisted men.

Referring to the institution of soldiers with a 5-year enlistment, Kharalambopoulos stresses: "At the same time, we have begun implementing Law 1513/85, which provides for the enlistment in the land army of 5,000 extended-service volunteers, and we are studying the reforming and extension of this law to the navy and air force--something which is a prerequisite before any thought can be given to a further reduction in terms of service."

Mr Kharalambopoulos states that the period of service is a function of defense needs, and he gives an enumeration of the measures for reducing service for various categories of conscripts because of social considerations (married men, supporters of families, and so forth). He states further that actions have been taken for improving the life of the enlisted men (recreation, free time, and so forth), and finally that a new law on recruitment is being prepared.

12114
CSO: 3521/193

OFFSETS IN MILITARY PURCHASES DESCRIBED

Athens TA NEA in Greek 28 Jun 86 p 8

[Article by Loukas Dimakas]

[Text] The decision on the purchase of 80 new combat aircraft for the needs of the armed forces had been characterized as--and is--a "political" decision.

Also "political" was the intention to obtain the maximum percentage in offsetting benefits which would arise for the Greek economy from the specific purchase: And the level reached by these offsets--100 percent on the American F-16's and 80 percent on the French "Mirage 2000's"--influences but does not guarantee the magnitude of the economic results.

And this is true regardless of the fact that contracts have already begun to be signed in which the amount of the expenditure will be returned to Greece, and regardless of the incorporation of penal clauses in cases of "backing out."

The utilizing of the possibilities of the two agreements for the sake of offsetting benefits could be--and is--the chief "political" act, but it is unavoidably a part of a strategy of development along with tactical economic objectives. A policy whose utilization and projection onto the economic plane will be the "steam-engine that will pull the Greek economy to another level."

As we have said, necessary but not sufficient conditions for this are the agreements that were signed ("Mirage 2000's") or will be signed (F-16's). And the elements that strengthen the uncertain "suspense" are our given experience from the course taken up to now in the materialization of other agreements on purchases of defense material.

But let us look at these elements (which are being published exclusively by TA NEA), which show vividly the "policy" of the "other" contracting party (a different one each time).

(The first column gives the supplier company and in parentheses the material being purchased, in the second column is the total value of the offsets that have been secured, in the third the period in which they must be realized, and in the fourth the percentage of meeting these offsets up to now). To fix the boundaries of this "issue" somewhat, it is worth noting the 89 percent of the amount of offsets that has been met in the agreement on the "Leopard 1," and the cases where the "benefits" have not begun, yet, to flow.

(1)	(2)	(3)	(4)
RAYTHEON (electronic warfare equipment)	$910,000	1979-90	50%
CONTRAVES (air defense systems)	5.9 billion drachmas	1981-87	22%
KRAUSS MAFFEI ("Leopard" tanks)	2.7 billion drachmas	1981-88	89%
FMC (personnel carriers 1113)	169 million drachmas	1982-89	35%
BMY (M 109 firearms)	513 million drachmas	1983-90	30%
FMC (113 A2 vehicles)	169 million drachmas	1983-89	35%
BMY (M 109 firearms)	832 million drachmas	1984-90	18%
BREDA-NARDI (helicopters)	141 million drachmas	1984-87	0
BMY (assorted firearms)	104 million drachmas	1984-91	15%
EMERSON (missiles)	77.1 million drachmas	1984-89	0
FMC (armored cars)	69.2 million drachmas	1984-89	0
OEC (periscopes)	67.2 million drachmas	1984-89	0
ELSAN-SELENIA (ship modernizations)	343 million drachmas	1985-88	0
BMY (fire control centers)	$2.8 million	1985-95	0
OTO MELARA (firearms)	151.9 million drachmas	1985-88	0
GTE (electronic warfare equipment)	$3.4 million	1985-1991	0

These are in agreements whose percentage of offsetting benefits range from 12-30 percent (in the "sale of the century" they are 80 and 100 percent).

Certainly any company passing off the non-meeting of the percentages as a "technocratic" (or "technological") "impossibility" will be pulling the wool over our eyes.

In actuality, it will be a political decision on the part of the seller and a political weakness on the part of the buyer.

And of course, the "battle" which commenced recently on the signing of agreements with French companies (with a subsidiary of the ETVA [Hellenic Industrial Development Bank] and the EAV [Greek Aircraft Industry]), and which they will continue with other (including American) companies, is also political--and as such its terms ought to be defined.

12114
CSO: 3521/193

LABOR PARTY MP IN DEBATE: NATO EXERCISES PROVOKE USSR

Oslo AFTENPOSTEN in Norwegian 30 Jun 86 p 3

[Article by Hans C. Erlandsen]

[Text] Runde, 28 June--"The American naval strategy is provoking the Soviet Union in the north and is resulting in an increased Soviet arms buildup." This was stated by member of parliament Marit Nybakk (Labor Party) during a panel debate in Runde last weekend. Her colleague in parliament, Leiv Blakset (Center Party) disagreed totally. He said that many people believed NATO should become more visible in these regions.

The debate took place on the bird sanctuary Runde, where the organization "No to Nuclear Weapons" is meeting for the fourth consecutive year. The motto of the meeting was: "The puffin--not the cruise missile--shall fly low over the waves of our seas!" But with dead calm and fog around Runde, there were neither waves nor puffins to be seen.

Member of parliament Theo Koritzinsky was dissatisfied with the security policy of the Labor Party government, compared to that of the Willoch government. "It is only a matter of minute differences when it comes to practical policies." He predicted defeat for an SV (Socialist Left Party) proposal now in parliament that would require ships visiting Norwegian ports to declare themselves nuclear-free. "The words will be different, but the Labor Party representatives will vote with the nonsocialists," the SV leader said.

Permanent NATO Presence

A rapid buildup of the Soviet fleet began during the early 1970's. While the two socialist representatives in the debate placed most of the blame on the United States and NATO for today's tension in the north, Leiv Blakset was clear in his assessment.

"The northward shift in the location of a possible conflict was caused by the increased Soviet naval activity," he said.

When asked whether or not NATO should maintain a permanent presence in the area, he answered affirmatively: "I experienced the occupation of Norway, which was carried out with little difficulty. The reason for that war, to a great extent, was the military imbalance. We must learn from that. Blakset also expressed fear that the Soviet Union would shift its front lines farther and farther to the south, so that eventually the Norwegian coast would be behind Soviet defense lines.

Marit Nybakk told AFTENPOSTEN that she supported NATO's military measures to secure supply lines across the Atlantic. "I believe Norway should work to convince NATO to abolish the doctrine of a possible first strike with nuclear weapons," member of parliament Kjell Furnes said. He did not wish to present a timetable for such a change in strategy, but said it should occur as soon as possible.

9336
CSO: 3639/129

NIKE BATTERY MEN OPPOSE PLAN TO REPLACE WITH HAWKS

Oslo AFTENPOSTEN in Norwegian 26 Jun 86 p 64

[Article by Olav Trygge Storvik]

[Text] Reorganizing NIKE battalions to equip them with HAWK missiles, as the military leadership wants to do, is the same as closing down the Air Force in South Norway, according to Captain Gunnar Bjornstad. He is a representative of the Norwegian Officers' Association at Camp Linderud and spokesman for the officers of the NIKE battalion. In a press release issued yesterday in response to the military's plans, Bjornstad also stated that the NIKE was the most modern long-distance air defense system available and that, at the moment, it was impossible to replace this system.

Those were extremely strong words. We asked Bjornstad if he really meant them.

"Yes, that is what we believe. We had a meeting here at Linderud today and the officers unanimously supported the views expressed in the press release. We also received communications from the various batteries and there was widespread support for our views." (According to Bjornstad, his association has organized well over half the officers of the NIKE battalion.)

"Why do you maintain that it is impossible to replace the NIKE, when the experts say that the PATRIOT system is much better in every respect? After all, it is also a long-distance air defense missile."

"I admit that the PATRIOT can replace the NIKE to a certain degree, but it is an extremely complicated and costly weapons system. In addition, the NIKE is not antiquated, as the military leadership says. It has undergone modernization several times in recent years and, as things stand today, it is a highly modern weapons system."

Why, then, is country after country turning away from the NIKE and investing in other weapons systems so that, several years from now, the only countries still using that type of missile will be Turkey, Greece, and Norway?

"I cannot answer that. I do not know to what extent business interest and politics are involved in these decisions, nor do I know the extent to which West Germany has modernized its NIKE system. In Norway, however, we have modernized to the extent that we have a highly modern system."

Political Influence

Bjornstad regrets the manner in which the defense leadership has presented its plans for reorganizing the NIKE battalion and indicates that his organization will work on the political level in order to advance what Bjornstad considers to be correct views on the development and implementation of air defenses in South Norway. "Once the politicians have decided what the priorities are to be, we will loyally follow their decisions," Bjornstad said. His association is in constant contact with the political leadership, he said, and he believes it is natural to work at this level.

In 1980, too, the military leadership advocated closing down sections of the NIKE battalion. According to the military evaluation at that time, the financial resources used to modernize the NIKE system would have a greater effect if used, instead, to reorganize the battalion. The officers' association was active in the political arena at that time, too, and the military's plans were altered at a late date by the political leadership at the Defense Ministry.

9336
CSO: 3639/129

BRIEFS

NEW RADAR BY PLESSEY--London, 24 Mar 86--Plessey has perfected a military radar that is considerably reduced in size and weight, and that uses a new microwave system. Gallium arsenide, the new high-speed semiconductor, is used in the radar's function. Further, instead of rotating, the new radar can remain fixed in various positions while the control turns in four directions, both vertical and horizontal, each with a wide range. Through a system of competerized time checks the radar beam can be moved at very great speeds, in any direction and at any part of the horizon. This is done by energy emitted by microwaves that, in turn, are emitted by every component (of the radar system). This makes it possible to identify clearly a large number of targets at the same time. At last aircraft will no longer be able to evade radar detection by flying at low altitude. [Text] [Rome TELEINFORMATICA 2000 21-24 Mar 86 p 4] /9274

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END

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West Europe Report

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LEFT SOCIALIST PARTY REACTS TO DEFECTION OF MP'S

Remaining MP Voices Concern

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jul 86 p 4

[Article by Thorkild Dahl; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The party congress this fall will establish a pure Left Socialist [VS] policy for a labor majority. Folketing member Keld Albrechtsen said VS will give a labor government a long rein. It will be hard for the remaining VS members of Folketing to get good committee assignments.

The Left Socialist Party is fading fast and the events of recent days with two Folketing members moving to the Socialist People's Party [SF] have not encouraged the vital process.

Steen Tinning, one of the three remaining VS Folketing members, is not optimistic about the future of VS as a Folketing party.

VS will hold a congress in early October and with the departure from the party of Folketing members Anne Grete Holmsgard and Jorgen Lenger of the conservative Red Realist faction, those who are left will have a chance to map out a pure VS policy. At a press conference at Christiansborg yesterday attended by the three remaining members, Keld Albrechtsen, Steen Tinning and Elisabeth Bruun Olesen, Keld Albrechtsen stated that "after this adjustment, all the members of the Folketing group are VS people."

VS executive committee member Bjorn Pedersen said: "We can come back after the congress in a more unified version."

The VS split comes at a time when membership is at its lowest level in many years. At the end of the 1970's there were close to 3,000 members compared to 1,000 now. In addition there are around 200 inactive members and a newly-formed youth organization with 200 members.

Now that the Folketing group has been purged, the remaining VS representatives will concentrate on security policy, economic policy, labor market policy and social policy. However the Folketing group will run into the practical problem that only with the backing of other parties--especially SF--can VS get seats on Folketing committees.

According to SDP sources, the Social Democrats are not interested in cooperating with the three VS Folketing members.

Social Democrats also point out that VS is no longer a necessary part of the so-called alternative security policy majority that does not include the government coalition parties. The Social Democrats, the Radical Liberals and SF with its two new members have the security policy majority they need unless VS decides to form an unrealistic alliance with the government. According to the three Folketing members the October congress will focus to a large extent on a discussion of how far the party should go to back a labor majority and Keld Albrechtsen said that VS "will give such a government a long rein."

The decisive question is what stand the congress will take on profit sharing and the remaining main faction, the Leftist Opposition, has said in the past that Economic Democracy [OD] is a kind of compulsory savings program for wage earners and that the faction consequently opposes profit sharing.

Executive Board Issues Statement

Copenhagen BERLINGSKE TIDENDE in Danish 7 Jul 86 p 5

[Text] A labor majority should not contribute to restricting the wages and living conditions of the general population as long as the business sector is able to juggle investments and jobs freely. That was the view of the VS executive board, which issued a statement Sunday dissociating itself from the two defectors, Jorgen Lenger and Anne Grete Holmsgard. The two rejected the political isolation of the Left Socialist Party and will join SF. SF membership will simply lead to traditional Social Democratic policy, in the view of the VS executive board. The statement made it clear that VS will work to prevent binding a future labor majority by an agreement with the nonsocialists. The party will not open the way for OD compromises; instead it wants to use a labor majority for such things as social reform, the introduction of a 7-hour work day with wage compensation, intervention against the private business sector and reducing unemployment.

6578
CSO: 3613/168

POLL SHOWS LEFT SOCIALISTS BELOW THRESHOLD FOR FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jul 86 p 3

[Article by Thorkild Dahl]

[Text] The Radical Liberal Party is regaining its strength in the politically quiet summer, and the Gallup poll shows that the party decides sovereignly whether Danish politics will be pursued by the government coalition or by the Social Democratic Party and the Socialist People's Party. With Radical Liberal support, the government will have 87 seats as against the 83 seats of the Social Democratic Party and the Socialist People's Party.

The voters agree with Steen Tinning, member of the Folketing of the Left Socialist Party, in his description of his party following the recent showdown and the withdrawals from the Folketing group, as a dying party. The voters do not allow room for the Left Socialist Party in the Folketing, and the setback of the extreme left wing takes place simultaneously with the weakening of the position of the Socialist People's Party among the voters.

It has hitherto been the growing strength of the Socialist People's Party and the support of the Left Socialist Party which were to carry through a red majority together with the Social Democratic Party, but the Gallup poll shows that together with the Radical Liberal Party, the government parties are able to muster 87 seats as against the 83 seats of the Social Democratic Party and the Socialist People's Party.

The five seats of the Progressive Party may technically decide the majority, but the voting in the Folketing on TV-2 showed that Prime Minister Poul Schluter (Conservative Party) does not want to pursue his policies together with Helge Dohrmann, irrespective of statements from the Progressive Party that they will vote against the government. When the Folketing resumes its work in the fall session it will be 3 years since the people of the Progressive Party were last invited to the Prime Minister's Department.

Within the government coalition, it has been the Conservative Party which obtained the additional seats, bu the Gallup poll shows that the party of the Prime Minister following its soaring popularity is now again down at the same voting percentage as in the Folketing elections in 1984. The number of seats has been estimated at 43 now as against 49 in February.

The political summer holidays without any major showdowns have been good for the Radical Liberal Party which the voters in the heat of the summer give nearly the same strength as in the elections to the Folketing on 10 January 1984. With nine seats in his Folketing group, the leader of the Radical Liberal Party, Niels Helveg Petersen decides whether Danish politics will be pursued by the right or the left wing groups within the Folketing.

Distribution of Seats:

	Gallup Poll	Election 1984
Social Democratic Party	56	56
Radical Liberal Party	9	10
Conservative Party	43	42
Socialist People's Party	27	21
Center Democrats	7	8
Christian People's Party	5	5
Liberal Party	23	22
Left Socialist Party	0	5
Progressive Party	5	6

(1)

Politisk indeks

(2) Spørgsmål: Hvilket parti ville De stemme på, hvis der var folketingsvalg i morgen?

Indsamlingsperiode: (3)
14. juni – 2. juli 1986

	(4) 10.jan. 1984 pct.	(5) febr. 1986 pct.	(6) marts 1986 pct.	(7) april 1986 pct.	(8) maj 1986 pct.	(9) juni 1986 pct.
Socialdemokratiet (10)	31.6	29.6	31.7	31.1	31.0	31.1
Radikale Venstre (11)	5.5	4.8	3.4	5.5	3.8	5.1
Konservative Folkeparti (12)	23.4	27.0	25.9	24.3	24.6	23.4
Retsforbundet (13)	1.5	–	–	–	–	–
Socialistisk Folkeparti (14)	11.5	13.6	15.6	15.0	15.4	14.7
De Grønne (15)	o	–	–	–	–	–
Det Humanistiske Parti (16)	o	–	–	–	–	–
Inter.soc. Arbejderparti (17)	0.1	–	–	–	–	–
Kommunistisk Parti (18)	0.7	–	–	–	–	–
Marx.-Leninistisk Parti (19)	0.0	–	–	–	–	–
Centrum-Demokraterne (20)	4.6	4.1	3.0	3.5	3.1	4.0
Kristeligt Folkeparti (21)	2.7	2.1	–	–	2.6	2.9
Venstre (22)	12.1	12.3	12.3	11.2	11.6	12.4
Venstresocialisterne (23)	2.7	2.1	–	–	2.1	–
Fremskridtspartiet (24)	3.6	–	2.5	3.7	3.0	2.7
Andre partier*) (25)	–	4.4	5.6	5.7	2.8	3.7
Ialt (26)	100.0	100.0	100.0	100.0	100.0	100.0

*) Partier med mindre end 2 pct. af stemmerne. (27)

Eftertryk kun mod anførelse af Gallup og Berlingske som kilde (28)

Key:

1. Political Index
2. Question: Which party would you vote for if elections to the Folketing were to take place tomorrow?
3. Period during which poll was taken: 14 June - 2 July 1986.
4. 10 January 1984 percent.
5. February 1986 percent.
6. March 1986 percent.
7. April 1986 percent.
8. May 1986 percent.
9. June 1986 percent.
10. Social Democratic Party.
11. Radical Liberal Party.
12. Conservative Party.
13. Single Tax Party.
14. Socialist People's Party.
15. The Greens.
16. Humanistic Party.
17. International Socialist Workers Party.
18. Communist Party.
19. Marxist-Leninist Party.
20. Center Democrats.
21. Christian People's Party.
22. Liberal Party.
23. Left Socialist Party.
24. Progressive Party.
25. Other Parties*).
26. Total.
27. *) Parties with less than 2 percent of the vote.
28. Reprinting subject to indication of Gallup Institute and BERLINGSKE TIDENDE as sources.

7262
CSO: 3613/171

BRIEFS

PARTY WOULD AID ANC, SWAPO--Denmark, in line with Sweden and other countries, should give direct aid to the South African liberation movements, ANC and SWAPO, according to Socialist People's Party [SF] foreign policy spokesman Soren Riishoj. Immediately after the opening of Folketing in October SF will present a proposal concerning aid to the liberation movements that Riishoj says will be indispensable when South Africa has to be run without apartheid. "Compared to other countries Denmark has gone a long way in the area of sanctions against South Africa, but there is one negative element left, namely the lack of direct aid to the political organizations that will inevitably assume power after the apartheid regime comes to an end," said Riishoj. In view of the latest political developments in southern Africa, he thinks the Radical Liberals will support direct aid to ANC and SWAPO, enabling the establishment of a majority on the issue that excludes the government parties. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Jul 86 p 5] 6578

CSO: 3613/168

PRESIDENT APPROVES FOREIGN MINISTRY ASSIGNMENTS

Helsinki HELSINGIN SANOMAT in Finnish 12 Jul 86 p 6

[Article: "Matti Kahiluoto To Replace Pietinen, Leadership of Foreign Ministry's Political Section To Change in Fall"]

[Text] On Friday President Mauno Koivisto placed his seal of approval on the extensive round of appointments in the Foreign Ministry, which will bring a new chief to the ministry's most important section, the political section, as well as to three major embassies.

Seppo Pietinen, 60, who has held the post of political section chief for 3 years, will become Finland's ambassador to Paris in the beginning of November, and Pietinen's post will be occupied by Ambassador Matti Kahiluoto, 55. He is now the chief of Finland's special representation at the European Disarmament Conference being held in Stockholm.

Before being transferred to Stockholm, Kahiluoto served as ambassador to Israel in 1975-81 and ambassador to Yugoslavia in 1981-84.

A position opened up for Pietinen in Paris when Ambassador Ossi Sunell was appointed to be foreign service inspector in Helsinki. Pietinen was previously considered as ambassador to Brussels, but this did not come about since no agreement could be reached in the government on his successor.

Arto Tanner, the present foreign service inspector, will become ambassador to East Berlin, from where Ambassador Ensio Helaniemi will return to Helsinki to be a consulting officer.

The assistant chief will change in the Foreign Ministry's trade policy section in November when Friday's appointments will become effective. Present Assistant Chief Mauno Castren was named the ambassador to Ankara, Turkey and he will be replaced by consulting officer Alec Aalto.

Jorma Julin received the post of foreign affairs counselor in the trade policy section beginning in August, and Holger Standertskjold-Nordenstam's resignation was accepted effective in September.

Uggeldahl On Unattached List

The President placed Kurt Uggeldahl, chief of the Los Angeles Consulate General, on the unattached list beginning in August or more precisely assigned him to indefinite duties in the Foreign Ministry in Helsinki.

Uggeldahl will be transferred home for health reasons according to the ministry.

It has been reported that Uggeldahl has had alcohol problems at work and in recent years he has changed jobs quite frequently. During President Koivisto's first state visit to Sweden in the spring of 1982 Uggeldahl, who was protocol chief at that time, did not accomplish all of his assigned tasks and he was soon appointed as ambassador to Canada. Last September he was removed from the post of ambassador and transferred to the post of consul general in Los Angeles.

A new consul general has not yet been found to replace Uggeldahl.

A Foreign Ministry official may stay on the unattached list for 4 years. If a new post has not been found for him in that time, he is considered to be terminated from the services of the ministry. There are six other officers on the unattached list from before for various reasons.

Golan Commander To Change

Finland will assign a new commander to its UN Peace-keeping Force on the Golan Heights. Lieutenant Colonel Matti Lehtonen, the present commander, will return to Finland after a year's assignment.

The President appointed Lieutenant Colonel Finn-Goran Wennstrom as the new commander beginning in October. Wennstrom, who is from Helsinki, is presently a battalion commander in the Uusimaa Brigade.

Finland has approximately 400 men on the Golan Heights. In addition to Finns, an Austrian battalion as well as a Canadian and Polish supply unit make up the UN force monitoring the truce between Syria and Israel.

10576
CSO: 3617/142

CONSERVATIVE PARTY RIGHT-WINGERS YIELD ON HOLKERI CANDIDACY

Helsinki HELSINGIN SANOMAT in Finnish 26 Jun 86 p 3

[Article: "Conservative Opposition Falls Behind Holkeri"]

[Text] The right wing of the Conservative Party's parliamentary group is yielding to pressures to support Harri Holkeri, Chairman Ilkka Suominen's presidential candidate. Those MP's who have shied away from Holkeri have sought an alternative to Holkeri during the spring session, but the proposed candidates have not expressed an interest in the offer of candidacy.

The Conservative group's right wing attempted to obtain a majority of the parliamentary group behind its candidate requests. The candidate request would have been submitted if Speaker Erkki Pystynen or Mayor Raimo Ilaskivi, who were declared competent as presidential candidates, had given the green light to the idea.

The seekers of an alternative thought that the presidential candidate the last time around will not be able to increase his support in the elections. A new candidate would in the opinion of Holkeri's opponents have a better chance of success in the race against President Mauno Koivisto and Foreign Minister Paavo Vayrynen, who are probable candidates.

The representatives have also been irritated by the strict military-like command that Holkeri has in the Conservative Party. In the last presidential elections Harri Holkeri demanded a public promise of support from all the MP's. With the prestige of his presidential candidacy Holkeri, however, supported Ilkka Suominen after the elections against Pertti Salolainen, the right wing's favorite, in the Conservative Party's chairmanship elections.

The leaders of the opposition group opposing Holkeri are MP's Tapio Holvitie and Iiro Viinanen.

10576
CSO: 3617/133

RIVAL COMMUNIST NEWSPAPERS VIEW EXPULSION OF SKDL STALINISTS

Moderate's Paper: Passed Limits

Helsinki KANSAN UUTISET in Finnish 6 Jun 86 p 2

[Editorial: "There Are Limits Which Cannot Be Exceeded"]

[Text] In the People's Democratic movement efforts were made for a long time (too long in the opinion of some) to ensure that the parliamentary group in the SKDL [Finnish People's Democratic League] would remain united in spite of the overall divisions in the People's Democratic movement.

Political problems have, of course, plagued the work of the parliamentary group for years already. Particularly during the time that the SKDL was in the government the group's minority went its own way completely independent of the decisions of the central organizations and of the group itself. This has eroded the political prestige of the group itself and of the whole movement.

The preservation of unity has been significantly easier in opposition for understandable reasons.

However, there are limits which cannot be exceeded. And such a limit was encountered this time because of organizational policy factors. The parliamentary group's minority is involved in the work of two parallel parties (the so-called Democratic Alternative and the so-called Central Committee of SKP [Finnish Communist Party] Organizations formed in Tampere) and has refused to resign from these organizations. However, one cannot simultaneously be a member of the SKDL's parliamentary group and of organizations working against the SKDL and the SKP. This is the political basis of yesterday's decisions.

Even as formal as the nature of the parliamentary group's unity has been, many may experience its division as a loss.

The correction of the country's present political line presupposes a consistent turn to the left. It also presupposes an increase in the political influence of the SKDL and the repairing of the damage which the actions of the minority wing have brought to the whole movement.

Minority Paper: 'Heavy Loss'

Helsinki TIEDONANTAJA in Finnish 6 Jun 86 p 2

[Editorial: "Dissolution of Parliamentary Group"]

[Text] The SKDL's parliamentary group has now been dissolved. Ten MP's who have consistently tried to act in accordance with those instructions which they have received from their constituencies have been expelled from the group. In the SKDL's group it has not now been difficult in this sense that the group has until now worked in a more unified manner than in many years during this election term.

One reason for the expulsion, perhaps the most important reason is to be found in this very fact. Aalto's faction has already made decisions on turning policy toward the right in the organizational machinery in control in the SKDL and the SKP. Over the long term it will not succeed without the support of the parliamentary group.

Attempts at a more right-wing policy -- in the unemployment security issue, among other things -- were made a year ago, however, without any success. Thus the only means left was to expel those who were pushing the group's policy toward the left, in the direction of its supporters. Just as those districts, sections, and individuals who promoted the same were to be expelled from the party, they were also expelled from the SKDL as well as the SAK [Finnish Confederation of Trade Unions].

Some formal, organizational reason has always been found for such expulsions, and for the parliamentary group it was the Democratic Alternative established out of necessity. But the real reason is to be found in politics.

The expulsions are a heavy loss for the SKDL's group. The work of the group depends on its members, and in expelling them the group also lost their experience, expertise, and enlightenment. This is usually called political madness.

This decision will also bring us closer to the final split of the Communists and the People's Democrats in the next parliamentary elections. This is generally considered to be an axiom, and has been so for a long time already.

In spite of this, every effort must be made to accomplish some kind of unity in the elections. The heaviest burden of this division will have to be borne by such Communist and People's Democratic supporters and voters who had neither part nor lot in these disruptive activities.

At this moment the best work for accomplishing this unity -- if not before the elections, then after the elections -- is the work on behalf of the Democratic Alternative. For it has come about from the necessity to assemble and unite all democratic forces, and it must also serve this work.

10576
CSO: 3617/132

PAPER: SITUATION IN COMMUNIST MOVEMENT 'ABSURD'

Helsinki HELSINGIN SANOMAT in Finnish 25 Jun 86 p 2

[Editorial: "Aalto's Prestige on the Rise"]

[Text] A recognition of the facts is the beginning of all wisdom in politics. The split in the SKP [Finnish Communist Party] has in recent months progressed to a point that having the former minority take an oath in the name of the SKP's old unity is mere Scholasticism, far from the reality of the day. There is simply no return to the past.

The actual problem has not been the minority, but the inability of the Soviet Communist party to adapt to the changed reality. The situation has been absurd; the Soviet Communist Party has maintained good relations with the SDP and the Center Party in the previous manner and has even maintained contacts with the Conservative Party, but the SKP's leadership has, for its part, received at the most what the minimum demands of protocol require.

From past experience we have learned how to read such signals in Finnish politics. As long as Arvo Aalto's relations with Moscow have been questionable, the Social Democrats have not had the slightest interest in restoring the old people's front cooperation. Not even in spite of the fact that the use of the SKP-card would appear to be rather necessary as a countermove to Paavo Vayrynen's efforts on behalf of a bourgeois cooperative front.

Inasmuch as the SKP's fall from grace continues into and beyond the parliamentary elections, the left wing will quite apparently have to enter the post-election government negotiations from weaker bargaining positions than ever before. A people's front alternative would be excluded already at the very outset. The SDP's readiness to continue a red earth cooperation could be seriously overshadowed by Vayrynen's possible prerogative to demand the prime minister's post for himself just before the presidential elections.

Perhaps such prospects lie behind the hints that Moscow is somehow ready to abandon its rejection of the SKP's present leadership and develop normal relations with it. It does not have to be a question of a final choice between Arvo Aalto's SKP and the Taistoite [Stalinist] minority. From the point of view of formality we still have only one Communist Party, in whose name, indeed, two separate election organizations are competing. The CPSU apparently intends in the future to maintain relations at two levels: official relations with the official party leadership and unofficial relations with the parallel organs of the Taistoite faction.

This is a unique policy, but it will remain an internal matter of the Communist movement. From the point of view of state relations it is essential that Moscow is ready to maintain relevant relations with all our most important parliamentary parties.

10576
CSO: 3617/133

ARMED FORCES RELEASES POLL ON SECURITY POLICY, WAR FEAR

Helsinki HELSINGIN SANOMAT in Finnish 25 Jun 86 p 13

[Article: "Fear of Major War Has Subsided, Defense Forces Publishes Poll and Security Policy Primer"]

[Text] Fewer Finns fear that war will break out between the superpowers in the near future. This was confirmed by the most recent opinion poll conducted by the National Defense Information Planning Committee (MTS). Portions of the poll were published on Tuesday, the 10th anniversary of MTS.

Only 2 percent of the Finns seriously believe there will be a major war in the next few years, and 14 respondents out of 100 consider war to be rather probable. Approximately 55 citizens out of 100 consider a war between the superpowers to be rather improbable.

Fear of a major war has subsided slightly since 1983. At that time every fifth Finn in the poll expected a major conflict between the superpowers in the near future.

The greatest fear of a major war was expressed in the 1981 poll. At that time nearly one-third considered a conflict to be probable.

MTS conducted the most recent security policy position study in January-February 1986. A portion of the results of the attitude poll was published in April already.

The report dealt with our opinions on Finland's foreign policy, overall security, national defense, and life's values.

In the poll Taloustutkimus Oy [Economic Research, Inc.] interviewed more than 2,000 Finns between the ages of 15 and 69. According to the firm, this group represented an accurate area-wide and social population structure.

The Army's information specialists conduct an annual study of the security policy positions of Finnish citizens.

Training Wanted in Place of Arms Purchases

According to MTS's poll, approximately one-third of the Finns feels that they receive too little information about national defense. In 1978 nearly half of the respondents complained about the lack of information.

In both polls one in a hundred felt that there is too much information about national defense.

Among all the respondents 14 percent wants to improve the performance of the Defense Forces by weapons, and 21 males out of a hundred agreed. More than half, for their part, considered training to be the best and most effective means of improving performance.

Approximately 16 Finns out of a hundred do not want to provide any further development to the Defense Forces at all.

MTS Also Seeking Ties With Trade Union Movement

In addition to publishing the polls, MTS emphasized rapid and reliable communication on its anniversary.

Years ago already MTS compiled instructions regarding information and communication under exceptional conditions for the provincial governments. The instructions are presently being refined to be made suitable for the local conditions of municipalities. In addition, negotiations have been conducted with the Finnish Broadcasting Company and STT, among others, about the transmission of information under exceptional conditions.

In the opinion of MTS, there is still more work to be done in making security policy known to women. The public relations people have already compiled a brochure entitled "women and national defense", which emphasizes women's role in civil defense.

New Book Treats Peace Movement

The book "Suomalaiset ja turvallisuuspolitiikka" [Finns and Security Policy], which was published as a milepost in the 10-year existence of the MTS, was presented to Defense Minister Veikko Pihlajamaki on Tuesday.

The book, of which 5,000 copies were printed, will be distributed to government ministries and colleges. This work is considered to be a scientific approach to security policy. The book will be a continuation of the Finnish Security Policy Handbook published by MTS in 1977.

The bases of security policy and national defense, among other things, are explained in the book's articles. Also a whole chapter has been devoted to the peace movement. Its significance is evaluated from an officer's point of view. The future of security policy is not forgotten either.

Only five of the authors are military men. Two women write about security policy from the point of view of their sex and education. MTS also dared to include an article about conscientious objection in Finland in the book.

The MTS has 14 members and 10 experts, whom the Council of State appoints for the duration of a parliamentary election term. Chancellor Kaarlo Hartiala is the chairman of the National Defense Information Planning Committee.

10576
CSO: 3617/133

FOREIGN AID PROGRAM DESCRIBED; EXCEEDS OECD

Helsinki HELSINGIN SANOMAT in Finnish 12 Jul 86 p 6

[Article: "Government Issued Development Cooperation Report: Finland's Development Aid Exceeded OECD Average"]

[Text] The proportion of the gross national product given to development aid by Finland exceeded the average for OECD-countries for the first time last year, discloses a development cooperation report issued by the government on Friday.

Last year Finland's development aid was 0.40 percent of the gross national product according to preliminary payment estimates while the aid of OECD-countries has been 0.36 percent on the average.

Last year a full 1.3 billion markkaa were spent on public development aid. In 1984 our country's development aid was 0.35 percent of the gross national product and this year it is expected to increase to 0.47 percent. Next year the intent is to raise the percentage share to 0.55. The intent is to achieve the goal of 0.7 percent established by the UN in 1989.

As appropriations increase, the administration of Finland's aid will have to made more effective according to the report. In 1985 preparations were made for the organizational reform of the development aid section, in which the section's specialized expertise will be increased and the field organization will be expanded.

It states in the report that the number of personnel in the development aid section in relation to the amount of aid given is smaller than in the other Nordic countries. The amount of development aid to be administered has increased from 6.7 million markkaa per worker to 11.8 million markkaa per worker from 1980 until this year.

The majority of development cooperation is directed at 15 target countries. Traditional program countries are Egypt, Kenya, Zambia, Sri Lanka, Tanzania, and Vietnam. Other major recipients of development aid are Bangladesh, Ethiopia, Nepal, Somalia, Sudan, Burma, Mozambique, Nicaragua, and Peru.

Last year approximately 60 percent of Finland's development aid was used for bilateral development cooperation projects and 40 percent for multilateral projects. Approximately 30 percent of the appropriations for bilateral development cooperation was directed toward the least developed countries.

Problems in Mozambique and Nicaragua

In the government's report it states that "the poor security situation has complicated the accomplishment of planned cooperation in Mozambique and Nicaragua".

Aid to Somalia is examined in the government's report as an example of cooperation with the least developed countries. Cooperation in the area of water management is examined in the report in the light of examples from Sri Lanka and Vietnam. The intent is to continue cooperation with both countries.

Africa's critical economic situation was forcefully reflected in 1985's development cooperation according to the government. The emphasis of development cooperation with African countries was placed on the permanent improvement of rural conditions even if the amount of relief aid in foodstuffs to Africa's most distressed areas increased significantly during the year.

Area-wide cooperation with southern Africa's so-called SADCC-countries took shape during the report year. An agreement was reached on cooperation between the Nordic countries and the SADCC-organization made up of South Africa's neighboring countries on the initiative of Prime Minister Kalevi Sorsa. Foreign Minister Paavo Vayrynen signed the resolution concerning cooperation on behalf of Finland in January of this year in Harare, the capital city of Zimbabwe.

10576
CSO: 3617/142

'GUERRILLA' WARFARE REPORTEDLY CONTINUING IN ND

Athens TO VIMA in Greek 15 Jun 86 p 2

[Text] Fifteen days ago, New Democracy seemed to dominate the political scene of the country--on the side of impressions and initiatives--with the barage of publicity that followed the announcement of five of its deputies as candidates for election, especially those of Messrs. Milt. Evert (Athens), A. Andrianopoulos (Piraeus) and Sot. Kouvelas (Salonica). This feeling was intensified by a certain inconsistency and lack of conformity in the field of the broader Left involving persons and problems of cooperation in the municipal elections.

Last week the picture changed, not only because the situation of the Left was "cleared up," but also because the ND had a relapse of its ailment.

Messrs. Georgios Rallis and Ioannis Varvitsiotis publicly emphasized their dissent from Mr. Mitsotakis' views and practices. The former on the subject of the politicization of municipal elections and the latter on the submission of a proposal for censure of the government. Mr. Miltiadis Evert went ahead with his initial unifying initiatives (which, for the time being, ended ingloriously), Mrs. Anna Synodinou appears to have left the circle of Mr. Mitsotakis' supporters for good and Messrs. Ath. Tsaldaris and K. Laskaris did not hide their concern about the poor condition of the party apparatus in the large 2nd Athens District.

According to the view of the first intraparty dissenter with Mr. Mitsotakis, that of Mr. M. Evert, last week's gains do not appear to have been negligible. The former Finance minister was publicly congratulated for his candidacy and his political platform by Mr. Georgios Rallis and was not included in the sharp criticism against Mr. Mitsotakis by DI. ANA president, Mr. K. Stefanopoulos, and according to a special poll, was second in "appreciation and acceptance" (after Mr. Rallis) among the "top names" of ND by followers of all parties.

On the other hand, Mr. Mitsotakis is now forced to use a double standard of behavior if he wishes both to be convincing about the "elementary independence" of his candidates as well as to avoid the creation of explosive situations in his relations with the deputy-candidates.

Already Mr. Argis Filippidis (Volos) stated at the meeting of the parliamentary group that he does not share Mr. Mitsotakis' optimism regarding the municipal elections. Mr. Andrianopoulos is determined not to be reconciled with Mr. Skylitsis, while Mr. Evert has decided to convince, even publicly, through his coalition that he remains "always for unity, for bringing together and for renewal." These are pursuits that do not elicit any enthusiasm in Mr. Mitsotakis.

Last week's frictions had their repercussions in the revising of certain views about the municipal elections (but not on behind-the-scenes initiatives and schemes)on the part of the leadership of ND.

Thus, the most interesting part of Mr. Mitsotakis' address to the parliamentary group of New Democracy is not what he said, but mainly what he did not say. In essence, Mr. Mitsotakis:

Avoided repeating the allegation that the result of next October's municipal elections means approval or disapproval of the overall government policy, that is, a kind of vote of confidence for the government.

Avoided connecting--as he had done in his statements in West Germany--the negative electoral result for certain PASOK mayors with the demand for early elections in the spring. Mr. Mitsotakis spoke Thursday about "the very great political importance of the municipal elections" for all the parties with the exception of PASOK.

Avoided placing any particular importance and meaning on the candidacy of the five deputies, when 15 days earlier, he had urged them to "lead our struggle for the municipal elections in your cities."

These omissions constitute a retreat and a retraction by Mr. Mistotakis of his initial declarations. They are not due exclusively and only to the impressions engendered by Mr. G. Rallis' statements regarding the limited effect the municipal elections have on the country's politics. They had been preceded by the public statements of Messrs. Milt. Evert and A. Andrianopoulos in which they denied the single-party character of their candidacy and the effort (which until then had been attributed to Mr. Mitsotakis) to oppose "on all fronts" the government and its policies.

In the meantime, this retraction by Mr. Mitsotakis does not appear to have cleared the air in the relations between the president of ND and Messrs. G. Rallis, M. Evert and Mr. A. Andrianopoulos and portends interesting developments and disagreements during the forthcoming months until the municipal elections. This is because behind the "word-screen" there exist different political views and strategies. It would be sufficient merely to analyze the meaning of "politicization" of the municipal elections in the eye of each of these ND officials.

Mr. Rallis, with his usual candor, placed himself not only against the partisanship (which Mr. Mitsotakis repudiates openly), but also against the "politicization," with the meaning that the municipal elections never created a "political problem" against the government in the past. In other words, the municipal election results cannot create a "question of confidence" for an administration.

Mr. Rallis' view is the most straightforward because it connects the term "politicization" with the conflict at the level of the classical political system (Chamber of Deputies, parties, government). Mr. Andrianopoulos and Mr. Evert prefer to use the term "politicization," but with a considerably different measuring and purposes than Mr. Mitsotakis'. The leader of ND maintains the view that "all parties accept and seek the politicization of municipal elections. Both small and large parties do so, with the only exception being PASOK, which, as the party in power, has every reason not to wish that the forthcoming municipal elections be given a political context and for a political message to be forthcoming as a result."

It is clear that Mr. Mitsotakis is eager to connect the results of the municipal elections not with the overall government policy alone, but with the so-called "internal questions." In his ambition Mr. Mitsotakis believes that the other parties will also "politicize" any eventual negative results for PASOK's mayoral candidates in the large cities.

Messrs. Evert and Andrianopoulos use the term "politicization" in a much narrower sense and with other purposes.

Their objective is to censure the government's policy in Local Self-government and--in the case of Mr. Evert's "platform"--"show the Local Self-government as being an equal partner with whichever government in the big problems of every municipality." Mr. Rallis calls the effort to "remove the PASOK partisan mayors" as "non-political effort," while Messrs. Andrianopoulos and Evert call it "political."

Precisely this agreement on substance brought Mr. Rallis to congratulate Mr. Evert on being "a non-partisan candidate who will oust partisanship from the Athens City Hall," while on the other hand, the agreement on the terminology (politicization) did not prevent the behind-the-scenes clashes and dissatisfactions among Mr. Mitsotakis and Mr. Evert.

A more deep-rooted reason for the disagreement was the contacts of Mr. Evert with Mr. Giannis Averof who has DI. ANA's support and the rigid perception of Mr. Mitsotakis concerning the limits of the "independent candidacy" of Mr. Evert.

Mr. Mitsotakis would like Mr. Evert to be "above parties and independent" and, at the same time, a candidate with a "single-party backing." ND not only does not want to cooperate with other parties in the municipal elections (meaning DI. ANA because KODISO is moving towards cooperation with the Left), but forbids Mr. Evert to have talks and agreements along the same lines (!). For the time being, Mr. Evert has reacted with calm and self-restraint.

Mr. Mitsotakis' statement on this subject has set as an allowed limit for the candidacy of Mr. Evert as well as the other ND mayors only the "co-alignment" of cadres and members of the "broader democratic field" (DI. ANA, non-affiliated middle-of-the-roaders and New Democrats). In other words, it is the one-way street of "without terms" and positions for the support of municipal councilmen.

Mr. Evert is reported to have decided not to be bound by this "curb," both because it is his intention to project the broadest possible political image of his coalition and also because he believes that talks of cooperation with Mr. I. Averof and other cadres constitute, in principle, a "unifying initiative" and not an indication of political partiality. For his part, Mr. Andreas Andrianopoulos (who, in addition to Mr. Skylitsis' candidacy, will have to oppose Mr. Katsafados, who will be backed by DI. ANA) intends, on the one hand, to give a multifaceted political character to his coalition and, on the other hand, to tie his candidacy to the demand for renewal.

It is precisely this fact that constitutes the other point of friction between Messrs. Evert and Andrianopoulos and Mr. Mitsotakis. The ND president hopes, for the benefit of the overall policy of his party (if not for his own), for the successful outcome of the candidacies of Messrs. Evert, Andrianopoulos and Kouvelas in the first round. If everything goes well, Mr. Mitsotakis could claim these and other kudos, but, at the same time, there could be a strong demand "for the renewal trend to continue further and higher."

The question regarding the friction of last week is to what point Messrs. Evert and Andrianopoulos have decided to be believably "independent" mayoral candidates and how much the coalitions, the strategy and their programs will constitute conformity towards the (sub rosa) guidelines and intentions of the leadership. So far Mr. Evert and Mr. Andrianopoulos have been convincing that they can achieve the latter, Mr. Evert without becoming part of a group and Mr. Andrianopoulos with the ability to keep things on an even keel.

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CSO: 3521/184

SOVIET 'DISINFORMATION' SERVICES SAID TO BE ACTIVE IN COUNTRY

Athens I VRADYNI in Greek 13 Jun 86 p 4

[Text] With no trouble, ample finances, and our government's support, foreign-directed mechanisms of propaganda and disinformation are active in our country. Even worse is that there is no opposing effort. There are no corresponding mechanisms on our side to unmask the foreign center which directs this activity and counter their lies. There are no barriers to hold back the torrent of foreign propaganda which has flooded our country.

The most recent example is the Emergency International Meeting of Solidarity [DSA] for the People of Libya, which took place in the Pandeios School and continued in the Ag. Varvara municipality. As reported by a pro-government newspaper: "This international meeting was organized by the World Democratic Association of Women [PDOG] and the Women's Association of Greece [OGE].

Approximately 40 women from several countries representing their organizations participated. The opening session was addressed by the University of Athens Rector Mikh. Stathopoulos, the Rector of the Agricultural School and Chairman of the Greek Committee of World Solidarity Poulovassilis, the chairman of European Security and Cooperation Prof. Agouridis, and others.

Under the Prompting of the Kremlin

Did anyone make any effort to inform the Greek people, and how many in our country know what the PDOG and OGE are? What is the ideological position of the rectors and the professor who so eagerly rendered their prestige to the meeting? And what policy is served--knowingly or not--by those who took part in this emergency international meeting?

We'll try to give an answer based on the facts we know: PDOG was established in 1945. It is headquartered in East Berlin and has branches in 116 countries. OGE is its section in Greece, created by the Communist Party (KKE). PDOG is one of several international front organizations created after the war by the Soviet Union to direct and coordinate extra-party propaganda of the communist movements. It is designed to influence segments of the population beyond their political-ideological orientation.

The most important among the other 10 is the World Council for Peace, with which PASOK Deputy at Large Khr. Markopoulos, Chairman of KEADEA (PASOK's "peace movement") is harmoniously cooperating; followed by the World Trade Union Federation, the World Federation of Democratic Youth, the International Student Association, and the Solidarity Association of Afro-Asian Peoples.

These organizations are carefully camouflaged precisely because they are designed to influence and mobilize segments of the population in each country which does not belong to the communist parties. They appear as ideologically neutral and hide their true political identity.

They resort to deceitful trickery, but the West now knows that--as Konstantin Chernenko said in June 1983--all this activity resembles that of a well-tuned orchestra directed by the international relations section of the CPSU Central Committee through the KGB's Active Measures Section.

This is what the two rectors and the professor served, whether they liked it or not, when they rushed to greet the emergency international meeting for the protection of Qadhdhafi. We respect their Marxist orientation. It's their right to believe whatever they wish, but it is one thing to accept an ideology and another to serve the propaganda and disinformation agencies of a foreign power. If they do not know it, they should try to find out. It is not difficult.

Foreign and local organizers of the meeting should have rented space in a hotel or have been guests at the KKE House of the People. Who gave them the space in the Pandeios School and by what right did they do so. Pandeios belongs to the Greek state, not to the KGB.

We pay for Pandeios with our taxes and at least half of the Greek taxpayers disagree radically with Soviet positions on the problems of international security and peace. By what right are they forcing us to unwillingly finance Soviet propaganda in Greece? Could any government representative give us an answer to this question?

The Reply

During the meeting one heard statements which can only be regarded as monuments of shamelessness and hypocricy. The PDOG secretary general Madame Tuominen said:

"The attack on Libya is one more link in the long chain of provocations, attacks, and other criminal acts directed against the peace-loving countries which defend their peoples against foreign intervention."

The OGE Chairman Zizi Sakellariou, going one better, said:

"The terrorist raid of the United States against Libya is a link in the chain of provocations and threats against international peace and the right of people to live and create peacefully." She added: "Women must understand that any nation that decides to live, and to live independently, is not a terrorist. A terrorist is whoever tries to impose his designs; in the case of the United States the designs are expansionist, neo-colonialist, warlike, and destructive."

Because the memory of these two ladies appears to have empty spaces, we must remind them that the U.S. simply conducted a retaliatory attack against the Qadhdhafi springboard of international terrorism (certainly not an invasion or a forced establishment of another government). The tragedy in Afghanistan continues for the seventh year with 500,000 dead and 5,000,000 refugees, along with the tragedy of Cambodia, in its seventeenth year, with more than 2,500,000 dead and an unknown number of refugees.

Today Cuba and Nicaragua (and almost Grenada, too) are Soviet outposts in Latin America. In Angola--to limit ourselves in it--there are still 35,000 Cubans as an occupation army and approximately 1,700 Soviet and East German "advisors".

But we think it is better to let another woman answer the two ladies, the rectors and professors who admire the KGB's Active Measures Section. She is not Greek, she is Italian, the well-known journalist Oriana Fallagi who wrote in the WASHINGTON POST:

"Is it the fault of the Americans if Qadhdhafi launched his rockets against the Italian island of Lambedousa? If he kills Italian fishermen in international waters in the Gulf of Sidra, which Qadhdhafi considers his own? If Qadhdhafi's men murder Libyan refugees in Rome, in London, or in Paris? If he finances and instructs those who skyjack airplanes and kill their passengers?

"[Is it America's fault] if his terrorist agents carry death in their luggage, and cause an explosion in an airliner in flight, hurtling to the ground from two miles up women and their babies? Is it the fault of the Americans if there is an explosion in a Berlin discotheque?

"Or [are the Americans to blame] for the murder of 399 American and French soldiers in Beirut? Or for the slaughter of innocent people in the Rome and Vienna airports? Or for the take over of the Achille Lauro and the murder of an old man in a wheelchair? Or for the murder of an unarmed policewoman in London?"

What is the answer of the two ladies who worry so much about Qadhdhafi?

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CSO 3521/203

KKE-INT LEADER DISCUSSES FORMATION OF NEW PARTY

Athens ENA in Greek 12 Jun 86 pp 41-47

[Interview by A. Delis with KKE-Int. Secretary General Leonidas Kyrkos]

[Excerpt] [Question] ...But let us talk about the new party, Mr Kyrkos. Among your comrades in the KKE-Int. many are wondering how the party can "exist" without the hammer and sickle. You are a communist.

[Answer] We are communists, renovating communists. This is important. We are communists, we are fighting for autonomy. No one directs us. There is no international center; we have no need to replace Moscow, Peking, Rome, or Havana. We are answerable to our people. For us democracy is a rule of life. It is not merely a declaratory behavior but a behavior which manifests itself in every area.

We are advocates of a new type of unity, because without it nothing can be done. Neither PASOK, KKE, nor ourselves, can do anything alone. Let us assume that KKE-Int. grows much more. Say we reach 15, 20, or 40 percent [of the vote]. I say, let us just suppose. To bring about change it is necessary to have not just 51 percent but a tremendous support by forces which are also organized. But be careful. They are not organized in the form of parties, but in other social entities such as trade union movements, women's movements, youth, ecological...in brief we want to work with all the social forces which do not necessarily find their true expression in any of the parties.

[Question] And why should they find true expression in your party?

[Answer] We will respect their autonomy. We now have tremendous proof of the value of democracy...it was our Congress. How can there by cooperation? Through the rules of democracy, of course, but after we declare our truth, after we accuse each other, after we identify the points on which we disagree. In this way, the necessary syntheses will emerge.

[Question] Allow a brief interruption Mr Kyrkos. One observation only: KKE-Int. is an almost unique phenomenon in the history of parties. While it has the support of public opinion, it gains few votes.

[Answer] It does not [gain votes] because it is considered a small party, that's all. The people will make their choice and assume the responsibility for it. If they are pleased with the way things go, they will vote for PASOK. If they want to go back to the trap of the Right, they will vote for the Right. If someone wants to commit suicide, you try to stop him, but you stop him only for a while. In the end he will kill himself, he will find the opportunity to do so.

I am sure our people do not want to commit suicide. Not at all. They want to go ahead. Now we have the experience of the Right, as well as the experience of PASOK. We have the experience of KKE. We see it every day. Will KKE ever change? Let's hope so. We'll be the first to rejoice. We see some evidence of fresh thinking, but [what about] its machinery? We'll wait and see. The proposal is to strengthen this new entity.

You asked me before: What are you going to do with the hammer and sickle? But this symbol puts its seal on an entire epoch. We carried it proudly, we defended it with our blood and it will stay forever in our hearts. But I look forward. The other person is not a communist but he is a revolutionary...

[Question] But the problem is with the communists. The other day the FORTNIGHTLY CITIZEN wrote: "How can anyone ask a communist to be a member of a party which is not communistic...?"

[Answer] Our era has swept away all such simplifications. In Denmark the Communist Party was split--it remained while the renovating communists formed the People's Socialist Party [PSP] of Denmark. Denmark's Communist Party has 1 percent, while the PSP, with the Eurocommunists as its leading force, has 15 percent. Some of those in the CITIZEN must make up their minds. Do they want the Eurocommunist ideas to remain at zero percent or to reach the wide masses?

A communist is not one who simply holds some strong symbols in his hands! We have unlimited respect for these symbols, but a communist is one who associates ideas with the masses. It's not only the example of Denmark. Really, I would like to ask the CITIZEN whether it knows what the name is of the former Communist Party of Hungary? Do they know the name of the communist parties of Korea, Albania, Poland? Or, shall we say that the members of these parties are not communists?

All these parties are called Workers' Parties. Do they know the name of the Communist Party of East Germany? United Socialist Party! Are they not communists? Some people must understand that these novel dogmatisms must be fought against because they distort creative Marxism.

In our era, a communist is not one who speaks the language of the holy books but one who, starting from the teachings, can make the boldest analysis of our era and can unite the ideas with the masses.

I said it once and I'll say it again. I was, I am, and I will be a communist of the Renovation. I am not going to deceive anyone. But precisely because I am a Renovation Communist and a follower of the theory of creative Marxism, I extend my hand to you, my comrade, socialist, who has formed a different consciousness, who does not want the hammer and sickle because it does not express you; but you find that my ideas express you; and I tell you: Come let us walk together in a party with full equality...

But I also want to speak to the person who voted for PASOK and sees the present situation: This way today, that way tomorrow. Today our enemy is private enterprise; tomorrow private enterprise is our hope. Today we are going to throw out the bases, while the seas are heavy with American power; tomorrow the seas are calm and the bases will stay.

Andreas may say the strategic goals cannot succeed from one day to the next and that we are moving in that direction, but we see we are moving in the opposite direction. Look at what is happening with PASOK. If you want to go to Salonica you take the national highway to Lamia. But if you, with shouts and enthusiastic gestures, take the highway to Korinthos you will go to Patpas. You will never see Salonica. PASOK, while taking socialism to Salonica, has taken the highway that goes to Patpas. Most people are beginning to see that...

[Question] In the criticism that takes place inside KKE-Int. we often hear that you are "Right of the Left." How do you feel about this?

[Answer] I deeply respect the right of criticism and the right to form a personal view. I know very well that for many of my comrades I am a rightist in the context of the Communist Movement. But I would be very displeased to hear that there is an effort to spread this view behind my back. This would annoy me very much and I don't know how I would react.

But I told you. They all know I believe in open discussion. In an open discussion I would accept any kind of criticism. "Leonidas you are a rightist". Threfore, what you did was rightist. This would be marvelous. But to have all those things said behind my back, and, moreover, by uninformed persons! This I would not like. I have my share of mistakes; I never denied it, but I am ready to explain to everyone my thinking...

When I publicly addressed the housewives, I considered and I consider our mothers a precious element for our party. I spoke to them without underestimating the feminist movement, the role of women. I am on the side of women, possibly one of the most advanced supporters of the women's movement and equality. I share housekeeping chores with my wife. But my objective is to reach the housewives. I don't care about formalities and pretensions.

For some comrades this was incomprehensible; they thought it was a crime to address the housewives; they felt I should have addressed myself to the feminist consciousness. They made the distinction! I had spoken for the women's movement and its role. But I also spoke to the houswives.

A second illustration: They said Leonidas addresses himself to the rightist workers and does not promote class consciousness. This is a large mistake, because Leonidas addresses himself to the conservative workers, but before that he spoke exhaustively on the role of the working class in society, on the role of communists in shaping the common consciousness of the working class, but he also speaks to a large segment of our people who are workers and who have a different political consciousness.

I speak to them as well, and I am not the only one doing so. Andreas does the same thing. Florakis, too. Because, what are we going to do with 42-44 percent of the New Democracy? Please analyze it. It's made of farmers, workers...

[Question] But, of course, Mr Kyrkos, not all ND voters are industrialists...

[Answer] Of course they're not, and that's why I say it is madness. It is a confirmation of what I call neo-dogmatism. I will address myself to them and try to win them over. But, of course, you do not do so by saying that you over to their side. You tell them: You are a worker and I call on your class consciousness...But Leondisas is rightist because he talks to rightist workers. What madness!

I would like us, therefore, to check our steps one by one because if you are rightist, then, to be able to talk to the people, to discuss and to win them over, we, the communists, must indeed become...rightist communists.

You know it is fashionable now to talk revolutionary, ultra-Left, to manufacture our "constructs" and to be ignorant of the society in which we live. No one is going to follow us if we ignore society and speak of ideal situations. If we want to change this society we must enter its heart; we must get to know its psychology; we must understand it in order to change it. Marx taught us this. The philosphers explained the phenomena thus far. Our role is to change society, but to change it we must first come to understand it. And to understand it, we must understand how it thinks. We must live with the people, explain, teach and be taught.

[Question] These views are known to be yours. But with regard to your Congress--which was unquestionably democratically organized--some of your friends said the big victor was...Florakis.

[Answer] Florakis is a sound person and I think if you asked him, he would tell you that "he never heard worse nonsense." That's what I think he would say.

Look. There were no concessions to anyone. There are some whom I called old-line communists who would say: Don't you see? Our viewpoint won out--

there is only one Communist Party, KKE! Bravo, I say, remain with the mentality of the old-line communists tied to 6, 8, or 9 percent, because that will take you below your current strength...

But I don't care how they judge the new party. What I want is to see this effort succeed. And I deeply believe it will succeed. We'll meet with tremendous difficulties. We'll face a relentless war against us. Our own internal frictions will create problems, too.

To have forces with different experiences, different history, different traditions come together is a tremendous task. It will be necessary to have a truly intellectual, moral, political effort--unprecedented maybe--but such are the problems of our times.

Facing the specter ofa nuclear catastrophe, humanity will be destroyed unless the forces that want to save it come together. I often ask myself, what has a better smell, a flower or the corpses of millions!

[Question] But the flower, of course, Mr Kyrkos. Is there any questions about it?...

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CSO: 3521/197

ND CHARGES GOVERNMENT WITH ALTERING DATA ON AILING COMPANIES

Athens I KATHIMERINI in Greek 27 Jun 86 p 7

[Text] The New Democracy party charged the government [of misrepresenting] the results of the balance sheets of ailing companies. Specifically, ND, in a statement issued yesterday, charged that the results of ailing companies have been altered--as shown by the reports of certified public accountants--in order to cover up mismanagement of their administration and to sugar coat the very bad picture.

More specifically, ND notes that the auditors' reports, which accompany publication of the financial statements, reveal situations which constitute a deliberate change of the results, a violation of Law 2190 in the accuracy of financial statements, and undermining the very insstitution of corporations. It adds that the government bears a heavy responsibility for this situation.

ND denounces the government before the Greek people for a) mismanagement and lack of all sense of responsibility and control over the ailing companies; b) violating the rules of equal status before the law and of free competition between the ailing companies and other sound enterprises; and c) showing contempt for every principle and regulation relating to preparation of financial statements of ailing companies.

ND accuses the government of trying to sugar coat conditions of the ailing companies and covering up the responsibility of the government-appointed management and its own responsibility

It Should Order an Audit

If the government is truly concerned about legality and honest management of these companies, which are not subject to the known auditing process of government, then it should order an exhaustive audit, according to the ND statement.

"We warn the government," ND states, "that it cannot hide behind the administration it appointed in order to cover up its own heavy responsibility. Nevertheless, this does not relieve these administrators of their own heavy responsibilities for the virtually uncontrolled management of tremendous economic interests and the manufacturing of false balance sheets, with contempt for every legal regulation or accounting principle.

"In the name of what morality and law will the courts or the tax collector accept such accounting 'shenanigans' and refuse to accept them from private enterprises?

With Foresight

"How is it possible to register as income old debts of billions of drachmas while assured losses, fines, expenditures, etc., are not even mentioned?

"How is it possible to transfer work performed this year into 1985 accounts just to include income in last year's financial statement to show profit instead of loss, or at least to show less of a loss? Just a look into the financial statements of Pyrkal, or Larko is enough to understand the significance of the above charges," the ND statement added.

"These findings"--it concluded--"constitute a sympton and confirmation that the falsehoods and deceit the PASOK government has introduced into political life is an endemic phenomenon in all activities related to the government."

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CSO: 3521/187

BIGGEST CHANGE UNDER GRO HARLEM BRUNDTLAND IN FOREIGN POLICY

Stockholm DAGENS NYHETER in Swedish 28 Jun 86 p 3

[Article by Erik Magnusson; first paragraph is DAGENS NYHETER introduction]

[Text] After scarcely 2 months in power, Norway's new prime minister, Gro Harlem Brundtland, has set a new policy line. But it is a policy without the traditional Social Democratic stamp, writes DAGENS NYHETER's correspondent in Oslo, Erik Magnusson. Instead, Brundtland has gotten support for a markedly middle-of-the-road policy.

Oslo--Political strikes, trade union discontent, broken election promises, nonsocialist threats of a vote of no confidence, and economic austerity. The end of Norway's hectic political spring has been no less intense than its beginning.

The Brundtland government inherited the Willoch government's worries: low oil prices, an unstable state of equilibrium in Parliament, and a labor market which does not seem to have realized that Norway has entered a severe economic crisis.

When Prime Minister Kare Willoch survived last fall's parliamentary elections by the smallest possible margin, several observers felt that Willoch had been "condemned to govern." Carl I. Hagen, Parliament's and the Progressive Party's "Gossen Ruda," wound up with a key vote and was in a position to bring down the nonsocialist three-party coalition whenever he liked.

With great assistance from the coalition parties and the Labor Party, Hagen brought down the Willoch government.

In the aftermath, however, it can be told that Gro Harlem Brundtland was "tricked into taking control of the government." She herself was not unconditionally interested in taking over as the new prime minister.

But the grass-roots Social Democrats in Parliament forced the leader of the Labor Party to vote down the nonsocialist austerity policy, bring down the government, and move into the Government Office 15 floors up in downtown Oslo.

Quick Pace

From the Labor Party's standpoint, the change of government did not come at the best time. Chaotic wage negotiations in the public sector were in the offing, and the Labor Party had not yet completely abandoned its slogans from the election campaign concerning "growth for Norway" and "time for reforms."

But the government has moved at a very quick pace to take back its "voter guarantees" and fair promises concerning the Norwegian economy.

Norway's change of government came abruptly and suddenly, but not entirely unexpectedly. For the Labor Party, it illustrated the danger of pursuing an overly opportunistic opposition policy in an uncertain political situation.

It was not just Norway's economic worries that forced Gro Harlem Brundtland to abandon earlier promises of new jobs, greatly expanded health care, and more day care centers.

The government's survival requires that Gro Harlem Brundtland pursue a policy without the traditional Social Democratic stamp. The solution is a markedly middle-of-the-road policy that pleases the Center Party and the Christian People's Party, especially in its economic and social aspects.

Supporting Party

Even the government's statement of policy as it took office attached great importance to regional policy and morality, issues which usually do not receive high priority in the Labor Party but which are basic to the Center Party and the Christian People's Party.

The government has gone to such lengths to satisfy the demands of both middle parties that some political observers are now describing the Labor Party as a supporting party for the middle parties rather than the reverse.

Gro's ability to tighten Norway's economic belt in a way that will bind the middle parties closer to the Labor Party is not entirely a disadvantage for the Social Democrats, however.

By strengthening her ties with the middle parties, Gro Harlem Brundtland is simultaneously driving a wedge into the previously smooth cooperation that existed among the three nonsocialist parties. The Conservative Party is standing out as an increasingly isolated party in its criticism of the new government's policy.

Just over a month ago, there were not many people who believed that the Brundtland government could survive past autumn. Not even Mrs Brundtland herself expected a long life as prime minister.

Now that the nonsocialists are displaying a lack of unity on issue after issue--tax policy, farm subsidies, media policy, and so on--they are also undermining the credibility of a nonsocialist alternative for government.

The Conservative Party is obstinately clinging to Kare Willoch as the nonsocialist candidate for prime minister even though it must find a new leader for the 1989 parliamentary election.

At the same time, the Center Party and the Christian People's Party are sulkily threatening to form a purely middle-party government. Neither Kjell Magne Bondevik nor Johan J. Jakobsen is a strong contender, however, for the post of head of the government. Only if Gro Harlem Brundtland herself is prepared to step down can the two middle party leaders compete for power.

So far, however, both middle party brothers seem more than pleased with the policy being pursued by the Labor Party. They themselves could not administer a more markedly middle-of-the-road policy.

Carbon Copy

The emergency package of 3.5 billion kroner that was approved by Parliament last week was largely a carbon copy of the austerity package already put together by the middle parties in cooperation with the Conservatives. The Conservative Party's initials were absent from the package this time, however, and the middle parties were even able to get their own changes adopted as part of the Social Democratic minority government's austerity package.

So what is new in the new government's policy?

Of course, not much can happen in 2 months' time. In economic policy, the government's ambition is to create a better "social profile" than the one achieved by the nonsocialist parties during their 5 years in the government.

No one doubts the government's will to repair "the Norwegian model" and impart new strength to the idea of distribution policy in a newly rich Norway where entirely new gaps in prosperity have appeared.

But the minority government is unlikely to win support for its proposal to "swindle" high-income earners out of their deductions by introducing a new gross earnings tax--that is, one in which part of the income tax would be calculated on gross income.

Emphasizing Norway's Views

The changes in direction are more obvious in foreign policy, an area that is mostly a matter of rhetoric, of course.

In relation to NATO, the Norwegians will attempt to emphasize Norway's views more clearly on controversial issues. Among other things, this will include the new race in connection with chemical weapons, the U.S. space weapons program, and a nuclear-free zone in the Nordic Region.

Those changes are welcomed by the middle parties, which were not entirely satisfied with the Conservative foreign policy experts that Kare Willoch had assembled in his office.

The zone issue has not yet been discussed by NATO, but Minister of Foreign Affairs Knut Frydenlund is expected to take the initiative in starting a thorough discussion of the subject at a meeting with his Nordic colleagues in August. A joint Nordic committee of government officials will presumably also be appointed at that time to analyze the advantages and disadvantages of the zone idea.

Prime Minister Kare Willoch held back on that committee to the very last even though it was supported by most of the middle party politicians in Parliament.

Supports OPEC

But perhaps the finest proof of how the Norwegian Government has changed its foreign policy rhetorically without changing its actual conduct is to be seen in its oil policy, which is becoming an increasingly important segment of Norway's foreign policy as the country's oil production rises.

Norway is now supporting OPEC's efforts to force up the price of crude oil. Norway is promising to reduce its own production to help force up the price. But its promises are hedged in by so many conditions and restrictions that no one can really take them seriously.

And in any event, the new signals in oil policy are irritating Kare Willoch, who now occupies a key position as chairman of the Foreign Affairs Committee.

Willoch is obviously afraid that relations with Norway's petroleum-producing neighbor Great Britain and with the United States may be harmed if cooperation with the oil cartel is too close.

Thatcher's Visit

As prime minister, Kare Willoch fought to maintain good and close relations with the conservative governments in the United States and Great Britain. Reagan is not in the habit of inviting Social Democratic politicians to visit him, but it is worth noting that Prime Minister Margaret Thatcher will make a rare visit to Norway this fall.

Europe's two female heads of government will have the opportunity at that time to compare their widely differing points of view. If the atmosphere at that meeting turns sour, the reason will presumably be the cloud of British sulfur dioxide that is acidifying Norway's forests, lakes, and mountains.

Thatcher's visit will be the first by a British head of government since Norway got its own Ministry of Foreign Affairs as a result of the dissolution of its union with Sweden in 1905.

Union Displeased

The Social Democratic government is handling its dealings with Thatcher, the nonsocialist opposition, and other conservative groups with great success.

But Gro Harlem Brundtland's policy of compromise is creating a severe lack of unity within the Norwegian labor movement.

The union displeasure with the government's wage policy that has been fermenting in Norway ever since Brundtland came to power at the beginning of May may mark the beginning of the end for close cooperation between the Labor Party and the LO [Norwegian Federation of Trade Unions].

The paradoxical result of Gro Harlem Brundtland's exceedingly difficult job as Social Democratic head of government when there is a nonsocialist majority in Parliament may therefore be that she will succeed in disarming all her opponents at home and abroad but that her own people will turn their backs on her.

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PRD: TRUST IN FUTURE UNDER EANES LEADERSHIP

Lisbon O JORNAL in Portuguese 18 Jul 86 p 8

[Interview with Herminio Martinho by Manuel Beca Murias; date and location not specified]

[Excerpts] PRD [Democratic Renewal Party] has put on the "launching pad" the national convention in October at which Ramalho Eanes will make his formal entry into the party created around him. At that time, the current president will yield his position to the "chief," but will remain at his side. Until then, the Renewal members guarantee that they will do nothing to overthrow Cavaco Silva, for the sake of stability; but they also say that they will not tolerate "situations of impunity." And, if there are early elections, Herminio Martinho thinks that PRD would have the most to gain from an electoral standpoint; in this regard appearing more optimistic than the majority of observers.

O JORNAL: After all, did you or did you not say that you would leave PRD if General Eanes did not join it?

Herminio Martinho: I am somewhat amazed at what has been published in the newspapers. In Abrantes, I did not make that assertion verbatim. On the contrary, I even said that we were in the final stretch of General Eanes' entry into our party, and that all the speculation raised in this regard had come to naught.

Eanes Enters PRD At the Top

[Question] Are there no difficulties with establishment on the national level of organization?

[Answer] There are, there are difficulties with the party's organization and establishment. I have not concealed the fact. They exist, and in all districts. There are difficulties of this type, and I am convinced that they will never cease to exist. This has nothing to do with General Ramalho Eanes' going to the district or not.

[Question] But wasn't there a time when General Eanes' entry into PRD was in doubt?

[Answer] I talk with General Eanes every week. There was never any doubt. General Eanes has said the same thing: if the party succeeds in ensuring the change that is needed,with different action and practices, his entry would never be in doubt. What has always been in question has been the party's action and practice, never this or that person.

[Question] Nothing has been decided?

[Answer] Nothing has been decided.

[Question] What position will General Eanes hold in PRD? A rank and file member, or a top-ranking figure? What will the status of engineer Herminio Martinho turn out to be?

[Answer] Obviously, General Eanes can only join PRD for the position of president. As for my situation, it is a question that has been brought up several times. I have always said that I was not, and I have not been, concerned about myself.

There Is No Agreement With the Government

[Question] It has been said that PRD has made a behind-the-scenes agreement to enable the present government to continue its activity.

[Answer] PRD has not made any agreement with the government; it has not received any proposal in this connection. Our position has been decided since we resolved not to make the government inviable, in November of last year; because we regarded it as negative for the country to have the state of instability which was constantly experienced, with the persistent requests for a "street government" 2 or 3 months after it went into operation. PRD was of the opinion that the government should have a reasonable, minimal period of time so that its action could later be analyzed stringently and honestly. At that very time, it was established that this period should be 1 year. But we also stated that we would not be available for any agreement, or to set up any negotiations. We have not changed this position of ours, nor shall we, within the period that we set then.

In the Event of Early Elections

[Question] In a radio interview, there was a phrase that impressed us. It was when the comment was made, "when we arrive in power." Does PRD expect to arrive in power soon? Does it expect to be the one most voted for in the next elections? You told me that it has not made any behind-the-scenes agreements. Then wouldn't that power be for now?

[Answer] To date, no possibility of a parliamentary or governmental agreement has been raised for PRD. If I spoke about "our coming to power," it was because PRD's plan, with General Ramalho Eanes' entry, unlike what many want people to think, will acquire a new dynamics, and it is essential for our country's future. We shall continue to work in that direction, and try to prepare ourselves so that, in future elections, we may attain a dimension that will enable us to engage in governmental activity and, through that activity, implement our program and our plan.

[Question] Hence, the "arrival in power" that you mentioned has nothing to do with the immediate present?

[Answer] It has nothing to do with the immediate present, because PRD, in particular, and as I noted in November, would not want to participate in a government in which it was impossible to materialize the essential features of its plan and its program. It is, therefore, extremely difficult to participate in a government with either of the parties currently ahead of us from an electoral standpoint, PSD [Social Democratic Party] and PS [Socialist Party]; mainly because (and the public realizes this) it is these two leading parties that are responsible for the situation that the country has reached. It was partially due to the governing ineptness that they showed which led to the necessity for creating PRD.

[Question] When you say that PRD would have no fear of elections in the future, what was the basis for this assertion?

[Answer] Our assertions were based on the analyses that our studies office have been making for nearly a year, the accuracy of which reality will prove, and not the polls, which on the eve of the 6 October elections even gave us a maximum of from 10 to 11 percent.

[Question] But the majority of observers think that, if there are early elections, PRD would be crushed.

[Answer] There are conditions for PRD's being benefited in the next elections, owing to the attrition caused by PSD's stay in the government. Look at what happened to PSOE [Spanish Socialist Workers Party]. Gonzalez is a good head of government, and nevertheless, PSOE declined. On the other hand, Dr Vitor Constancio will have the greatest difficulties. One need only observe what is happening all over the country. Who are the people and what is the backing that he has at present? It was precisely the same things that led PS to the situation in which it finds itself. Moreover, the new PS leader will have problems with the present parliamentary group, elected in another context of the Socialist Party, which will not correspond to what the new leadership wants now. Vitor Constancio himself has not been elected deputy. An opposition party must have its parliamentary group as a fundamental component for its action criticizing and combating the government. The Socialist leaders themselves have not concealed the fact that their party will need at least 2 years to ensure such a "renewal." When PS talks about "renewal," it is a plagiarism taken from us, as it also is when Vitor Constancio claims that he "is not in a hurry," as I said here 6 months ago. They are trying to imitate us; which is a good sign for us. In this connection, I assert, and I shall continue to assert that not only do I not fear early elections, but I think that PRD could be the one most benefited from them.

[Question] Don't you fear an ebbing movement toward PS on the part of persons who abandoned it to vote for PRD?

[Answer] I don't know anyone from PRD who has returned to PS because of Dr Vitor Constancio. And I know some PS members who have contacted PRD to join it after the election of the new Socialist secretary general. This is the concrete situation, and it is with concrete facts that we shall operate.

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IMPORTANCE OF NEW FREITAS FOUNDATION CONSIDERED

Lisbon SEMANARIO in Portuguese 19 Jul 86 p 7

[Text] Next Wednesday, the formal ceremony establishing the 21st Century Portugal Foundation will take place. The creation of the Freitas do Amaral Foundation holds particular importance in the strictly political realm.

In the first place, the foundation contains elements representing all the movements of the center and right, excluding only a portion of PSD [Social Democratic Party] (with Soarist leanings) and the irretrievably conservative area of the Portuguese right. The unity reflected in the foundation is the unity of AD [Democratic Alliance] and of the recent presidential campaign. Not only has there been unity, but good unity as well.

Secondly, the initiation of the foundation marks the end of a harboring of concerns aroused regarding Cavaco Silva's position and the possibility of a dispute occurring between him and Freitas do Amaral. The PSD leader is the uncontested leader of the Portuguese right, but it is nonetheless true that Freitas do Amaral is considered its symbol, at least for the time being. To nearly 3 million Portuguese, both complement each other, each in his own function, and any friction would entail serious political damage for both and for the entire area that they represent.

Third, and lastly, the foundation will be an instrument that will enable Freitas do Amaral to remain active in Portuguese politics.

Making the foundation a party would be a gross mistake; making it compete with PSD would be monumental naivete.

But for PSD particularly, to reject the availability of a man who managed to gain nearly 50 percent of the vote would be an even greater mistake; because Cavaco Silva will need in the next elections (whether early or not) the aid that he himself gave to Freitas do Amaral in the presidential elections.

And in legislative elections, 49.5 percent is a resounding victory.

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SPANISH PARAMILITARY GROUPS REPORTEDLY FORMED IN MELILLA

Madrid CAMBIO 16 in Spanish 7 Jul 86 pp 132-138

[Article by Rafael Cid, Miguel Angel Liso, and Jose Diaz Herrera]

[Text] While the Muslim leader, Aomar Mohameddi Duddu,has organized parallel general elections in Melilla, the extremist groups are threatening to create commando groups to prevent the "sale" of the town to Morocco. This could be the first crisis for the new government.

Civilian groups with a conservative ideology and officers and petty officers from the Army have started creating paramilitary action commando groups in Melilla to oppose with arms, if necessary, the possible surrender by the Spanish Government of the sovereignty of this fortified town to the Kingdom of Morocco.

The action commando groups are being created based on the OAS (Secret Army Organization) model, a clandestine French paramilitary group founded during the spring of 1961 by General Raoul Salam to prevent the independence of Algeria and to perpetuate the French colonial presence in that country.

The appearance of these commando groups coincides with the Socialist government's decision to grant the national identity document to the nearly 27,000 Moroccans living in Melilla, most of whom have undocumented status.

To an extensive sector of the Spanish population residing in the fortified town, this government measure in fact represents the first step toward surrendering Melilla to King Hassan II. According to the same sources, the granting of Spanish nationality to the Muslims of Moroccan origin settled in Melilla would bring the leader of that community, Aomar Mohameddi Duddu, to the office of mayor of the town, and then the Spaniards would become second-class citizens.

CAMBIO 16 was told by the head of the Pro-Melilla Association (APROME), Juan Diez de la Cortina: "The granting of identity cards to the Moroccans is a legalized sale of Melilla to the Moroccan kingdom." "If the government betrays us, which I doubt, because they are as Spanish as we, we would be ready to defend Melilla with arms, and we think that the Army would back us," added Jaime Galiana Galiana, a shipowner and head of the residents association of the La Paz district of Melilla.

The paramilitary action commando groups being organized secretly in Melilla have the support of certain extremist police, children of military personnel, and officers and petty officers of the Armed Forces. Their members do not exceed 50 persons, although they claim to have the backing of a large portion of the Melilla population.

According to an account from some of their members, the first meetings to create these groups were held in bars and coffee shops near the military barracks. One of these premises is the Red Rooster bar located next to the former Regulars 2 barracks in the upper part of Melilla.

The members of the paramilitary action commando groups have been recruited from the residents associations of the Constitucion, El Real, and La Paz districts. The purpose of these groups is not only to prevent Melilla's surrender to Morocco, but also, according to one of their members, "the self-protection of the Spanish population against the constant aggression that it is suffering from the Muslim population living in the city."

These individuals, most of whom are of an extreme right-wing ideology, with exacerbated nationalism, think that the government and the police have given in to the blackmail of Aomar Mohameddi Duddu, and have not adopted measures to prevent the constant provocations from the Muslim population.

One of the members of those paramilitary commando groups remarks: "For a year, and with increasing frequency, there have been consecutive Muslim demonstrations in downtown Melilla. The Arabs come down armed with clubs, knives, and even hunting shotguns, and the government has not adopted any measures to prevent such acts from being repeated."

According to the Melilla paramilitary action groups, "The government has given in to the Arab population, without taking the interests of Spaniards into account. Aomar Mohameddi Duddu and his politico-cultural organization, 'Terra Omnium' [everyone's land] are the real masters of the town. The government's delegate, Andres Moreno, and the police have become the servants of the Muslim population."

One of the secret groups' spokesmen claims: "It is an affront to all Melillans that the government has allowed the holding of parallel elections among the town's Muslim population. It is disgraceful that the government delegate should allow Duddu to have a guard force of 10 or 12 Muslims, as if we would kill him; when it has been proven here that the only criminals existing are the Arabs. It is insulting that they should be given the identity card and put on a par with the Spanish population, which treats them at the social security clinics at the cost of our money, while our children have to go to other hospitals."

In view of this alleged state of abandonment and sell-out, the paramilitary action groups in Melilla claim to be ready for anything. They maintain that they are periodically receiving military training, and that they have firearms and a communications network capable of mobilizing several hundred persons in less than 15 minutes.

One of them asserts: "The person who receives the call to alert must notify 10 others, and each of those 10 mobilizes another 10 persons, who must tour the city by car alerting the population."

The appearance of the paramilitary groups in a town which, until a few months ago, was considered peaceful and calm is the result of the bipolarization that has occurred in Melilla since the advent of the politico-cultural association, Terra Omnium, and the Melilla Democrats Party, organizations created to agglutinate the power of the Muslim community in Melilla, dissociated from the official institutions, and to extricate the Arab population from the ostracism and alienation in which it has traditionally lived.

The creation of these institutions, headed by the charismatic Muslim leader, Aomar Mohameddi Duddu, an economist and former head of the PSOE [Spanish Socialist Workers Party], aged 36 and trained at the University of Malaga, has given rise to the creation of a Muslim counter-power in a town in which the population of Arab origin had never had a political consciousness, had not proposed any type of demand, and was stoically accepting its status as third-class citizens, without claiming any type of rights.

Faced with the Muslim counter-power, in a border town claimed by the Kingdom of Morocco as part of its territory, the Madrid government has had no solution other than to make a series of concessions to the Arab population during recent months, in order to prevent consecutive outbreaks of violence. Nevertheless, one of those measures, the promise to grant Spanish documentation to the nearly 27,000 Muslims residing in Melilla, has created a severe uneasiness among the Spanish population, which thinks that when the Moroccans receive their full right to vote, they will impose a Moroccan administration and will end up expelling the Spaniards.

The insurance agent, Jose Luis Garrido Puga, claims: "If they give the identity cards to the Arabs, it's all over here; because I'll be the first to take to the street. Here, it's either them or us."

Juan Diez de la Cortina, head of APROME, for his part, remarks: "In Melilla, the foreigners are the Arabs, and if the government sells us, I and many Spaniards will go with our suitcases and our children to live in the houses of the military."

The president of this town's Chamber of Commerce, Francisco Marquez Vivanco, notes: "I think that Melilla is for sale, and if the government wants us to leave, we shall go; but if they give documentation to the Arabs, that will be the end. It will be impossible to coexist with them."

The Tragic Week

The state of bipolarization that the town of Melilla has been experiencing since the promulation of the Law on Alien Status in the fall of 1985, had its culminating point 2 weeks ago. On the night of 18 June, when Spain defeated Denmark by 5 goals to 1 in the World Soccer competition in Mexico, hundreds of Spaniards, carried away by the euphoria of the victory and by a presumed vengeful and racist sentiment, gathered in front of the residence of the Muslim leader, Duddu, with national flags and pictures of Franco, and began insulting him:

"Duddu, bastard; Spain, champion."

Butragueno's 4 goals over the Danes were the fuse that would cause the most violent week ever recalled in Melilla since the civil war. Alerted by Duddu's Arab guard force, thousands of Muslims left Canada de la Muerte [Ravine of Death] at 0500 hours and headed for General Aizpuru Street in the downtown section of the town, armed with clubs and knives, to defend their leader.

To prevent the confrontation between the two communities, it was necessary, at that point, for the government's delegate in Melilla, Andres Moreno, to remove from their houses the Civil Guard commander and the Melilla leader, Aomar Mohameddi Duddu, and head for the Muslim "ghettoes" to calm emotions.

The extreme Spanish reaction had only begun. The next day, headed by the candidate for deputy and the two candidates for senator representing the Popular Coalition, hundreds of persons gathered in front of the Government Delegation and threw 1,000 eggs at the building's facade.

The police, who were supposed to put down the demonstration, acted halfheartedly, and Andres Moreno, the government delegate, dismissed the National Police captain, Jose Luis Cervino, and 20 other national policemen, who were transferred to the peninsula. A few hours later, four inspectors from the Superior Police Corps, declared persona non grata by Duddu, left for Costa del Sol, officially transferred on the pretense of reinforcing security in that area.

The "expulsion" of the 25 policemen from Melilla coincided with the arrival in the town of 200 members of the La Coruna and Zaragoza reserve companies, aboard three Army Hercules planes; who, some hours later, very severely put down several demonstrations by Spanish citizens, sending 100 of them to the first-aid station.

The state of violence and demonstrations ended on 22 June, the date of the general elections, in a spectacular political upset. PSOE which, a week earlier, was winning the elections in Melilla with 74 percent of the vote, lost the only deputy in the fortified town, as well as the two senators, to Popular Alliance.

The Melilla population of Spanish origin, 82 percent of which had voted for the Socialist Party in previous elections, exceeding the national average to a considerable extent, became in this way radicalized against the government, which it accused of a sell-out and betrayal of Melilla.

Nevertheless, according to various political observers, these ultra-nationalist demonstrations in which there was participation by persons ranging from Communist militants to followers of Blas Pinar, conceal a deepseated racist, colonialist sentiment.

According to the same sources, very few persons accept the fact that the town is located geographically in North Africa, within Morocco's cultural space, and that with the passage of time, there will have to be a decolonizing process in the region, similar to the one which has occurred all over the African continent since World War II.

Few Spaniards in Melilla accept being labeled racist. "We are not racist," claims Jaime Galiana Galiana, head of the La Paz residents association. "The Moroccans live much better in Melilla than in Morocco. We allow the Muslims to enter our association's bar, but we don't even let the "chorizos" (the undocumented ones) come near the door."

The Muslim population thinks that this type of position and other similar ones are obvious signs of racism. In Canada del la Muerte, Fatima Mohamed Cadu, aged 18, claims: "They dismissed me from the job that I had as a maid in the house of a Spaniard, who was paying me 12,000 pesetas a month, and kept me without social security just because I had attended a demonstration of Muslim women."

Fatima Mohamed also maintains that many Mulsims have been refused entry into certain bars in downtown Melilla, because the Spaniards use them only for the most arduous jobs, "like mules carrying burdens, denying us any right that would convert us into free citizens."

The Muslim Counter-Power

In view of all this "aggression," the Arab population of Melilla has reacted by creating parallel institutions, which represent a real counter-power in Melillan society. On 21 June, a day before the general elections, the Muslims voted at the mosque in the Canada de la Muerte district, in ballot boxes provided by the government delegate. Aomar Mohameddi Duddu proved to be the winner.

The Melilla journalist, Armando Robles, charges: "The government is to blame for the creation of these institutions of parallel power, by lending a legal nature to these elections, providing the ballot boxes, and forcing the police to oversee the integrity of the voting."

After these "elections," Duddu has now threatened to hold parallel municipal elections and to create a town hall for the Muslims in the event that the current Melilla Corporation does not meet the water, light, and sanitation requirements of the Muslim districts.

At a Muslim demonstration held opposite the town hall recently, Duddu claimed: "This is our country, and they will only remove us from here dead. When they say that we undocumented persons have to leave, they forget that, in any case, the ones who would have to leave are they themselves."

The same opinion is held, on the other side of the trenches, by the ultranationalists, who have started creating armed groups of the Algerian OAS type. On the very day when the harshest confrontations with the police took place, some of them, together with other Melilla citizens, went to see the general commander of the fortified town, Jose Carrasco Lanzo, asking him to arm the population, as was done in 1936, to defend it from the Muslims.

Stateless In Their Own Country

They hold the worst jobs; they live in the most wretched districts (Canada de la Muerte and the Cuernos district); they have no rights.

Of the 27,000 Muslims residing in Melilla, under 3,000 have the Spanish national identity document. The rest are undocumented or have a "statistical card," an invention of the administration used as a mere instrument for control.

The statistical card does not give them any rights. It does not even allow them to rent the house in which they live, to procure medical care in the social security hospitals, or to leave the town without a safe-conduct from the government delegate.

The ancient Spanish prison in Melilla is a huge jail measuring 12 square kilometers, for many of the Muslims living in it. PSOE member Jesus Morata remarks: "Not only is the Muslim population socially alienated, something that occurs among other peoples of Spain, but it is legally alienated as well. The 'Moors' are stateless in their own country."

The Muslims who have their DNI [national identity document) in order and, theoretically, have the same rights as the other Spaniards, encounter more difficulties than the rest of their fellow citizens in purchasing land, opening business establishments, etc. They are discriminated against in the employment offices.

Francisco Narvaez, a PSOE council member, claims: "The discrimination occurs because Spaniards tend to identify the Muslims with the Moroccan claims to Ceuta and Melilla. In fact, not only is there discrimination against them, but it is also feared that, some day, they may occupy the houses, cars, and jobs held by Spaniards now."

Hence, the Spaniards in Melilla are in a temporary situation, with their bags packed ready to leave. The head of the Melilla Merchants Association, Manuel Cuenca, notes: "Since the independence of Morocco was declared in 1956, many Melillans have begun to put their businesses and part of their money abroad, for fear that the Moroccan kingdom may annex the town. Today, it may be claimed that at least 90 percent of the Spaniards living in Melilla have a second residence in Malaga or Almeria, and many others have parallel business establishments on Costa del Sol."

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SOVIETS URGE INCREASE OF BARTER TRADE AS OIL PRICE DROPS

Helsinki HELSINGIN SANOMAT in Finnish 24 Jun 86 p 20

[Article: "Aristov and Laine Seeking New Incentives for Finnish and Soviet Trade"]

[Text] Serious efforts are being made to accelerate Finnish and Soviet compensation transactions, which have been at a standstill for a long time. Also completely new forms of trade are being sought to stimulate economic relations between the two countries.

Various joint ventures would be one of these new means of conducting trade. This plan, which is just emerging, was brought up at the negotiations begun in Helsinki under the direction of Soviet Foreign Trade Minister Boris Aristov and Finnish Foreign Trade Minister Jermu Laine.

Foreign Trade Minister Aristov arrived on his first visit to Finland and to the West since he succeeded the distinguished Nikolay Patolichev last year. Aristov became acquainted with the Finns last December already in Moscow at the signing of this year's commodity exchange agreement.

At that time a barrel of oil was 28 dollars. In 6 months this price plunged to less than 13 dollars and the value of imports decreased drastically. Energy, primarily oil and petroleum products, makes up 80 percent of Finland's imports from the USSR.

The 5-year general agreement between the two countries will be supplemented with respect to the years 1987--90 during Aristov's visit. The objective is to find additional imports and guarantee the level and balance of trade.

In a statement issued at the airport Aristov said that Finland's exports to the Soviet Union will not have to be reduced. He, however, admitted that prospects for the rest of the year are not easy to predict.

"If I were clairvoyant, answering would be easier," said Aristov. After negotiations that lasted significantly longer than what was scheduled for the evening, the cheerful foreign trade minister said that there are many problems and questions, but "we are not needed if there are no problems".

Aristov's colleague, Jermu Laine, was also hopeful with respect to the fact that Finnish businesses will not have to cut back their exports to the USSR this year. Since the planned additional imports will not yet balance the trade in the current year, special arrangements will have to made for this year.

The credit limit on the trade clearing account between Finland and the USSR is 300 million rubles or approximately 2.2 billion markkaa. This year's trade volume will show a deficit of 4 billion markkaa as far as Soviet imports are concerned.

According to Monday's estimates, this year it will be necessary to resort to credit arrangements, which will be clarified in the course of this week's negotiations.

Coal and Petrochemicals

The targets of additional imports are primarily coal, petrochemical products, and semi-finished products of the chemical industry as well as raw materials. In addition to additional imports and the supplementary schedule of the general agreement, discussions will also be held on enterprise-level transactions during the week.

Industry already has several previously negotiated agreements on exports to the USSR and several projects in the preparation phase. Whether industry's hopes regarding the signing of certain significant transactions are realized on Friday depends, to a great degree, on the current week's discussions. In the first round of the negotiations it was reported that Minister Aristov accelerated the so-called compensation projects, in particular. Neste, among others, has conducted negotiations for a long time already on the construction of a plant producing gasoline additives in the USSR. Compensation trade means that the builder of the plant will receive the plant's products as payment.

The financing of the construction phase, which lasts several years, has been a problem. An attempt to find a solution to this problem will be made in the current week's negotiations.

The representatives of Finland's shipyards hope that the discussions will produce information about the delayed ship orders. Recently, the Soviets have complained that Finnish ships are too expensive.

In addition to the negotiations, Aristov's schedule in Finland will include an extensive familiarization with Finnish industry and commerce.

A Meeting With Koivisto

President Mauno Koivisto will receive Aristov on Tuesday at his summer residence in Naantali's Kultaranta. Aristov will also visit Wartsila's Perno Shipyard and Huhtamaki. On Wednesday he will tour the Yhtenaiset Paperitehtaat [United Paper Plants], Valmet's Linnavuori Production Plants and the Lenin Museum in Tampere. Trade negotiations will also be continued on Wednesday morning at the civil service level under the direction of Under-Secretary Paavo Kaarlehto and Deputy Foreign Trade Minister V. I. Vorontsov.

Negotiations on a supplementary schedule will conclude on Friday morning at the negotiations of the complete delegation. Prime Minister Kalevi Sorsa will host a luncheon for Aristov on Friday at Kesanranta. Aristov will return home on Friday evening.

10576
CSO: 3617/133

SOVIET MINISTER URGES FINNAIR TO TURN TO EAST FOR AIRCRAFT

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 86 p 25

[Article by Jyri Raivo: "In Finland We Are Posing Obstacles to Deputy Minister A.N. Manzhulo's Drive: Now Is Not the Time for Aircraft Purchases and Joint-Venture Companies in the Soviet Trade"]

[Text] The Soviet Union is very interested in establishing mixed companies jointly with Finnish firms. A decision on establishing several mixed companies may be forthcoming in the very near future.

Finnair has for the first time seriously begun to discuss the purchase of Soviet aircraft.

This is what Soviet Deputy Foreign Trade Minister A.N. Manzhulo said in an extensive interview published on Tuesday by KANSAN UUTISET. Both of Manzhulo's announcements were, however, prematurely attributed to the Finnish party to the affair.

Both the mixed companies and the aircraft purchases are ideas that were raised during Soviet Foreign Trade Minister Boris Aristov's visit to Finland last week. As the Finns understand it, they will not be implemented for a long time to come, if indeed at all.

According to the statement Manzhulo made to KANSAN UUTISET, "we are pleased that Finland has for the first time seriously begun to discuss the purchase of aircraft with us." The deputy minister also considered possible aircraft purchases to be important from the standpoint of relations between the two countries "aside from the financial aspects of the matter, for example, in terms of tourism."

Finnair: No Negotiations

At Finnair they did not acknowledge that any serious negotiations on aircraft purchases had been entered into. According to the company's marketing director, Leif Lundstrom, Minister Aristov with his party did indeed meet with Finnair's top management and they spoke about Soviet aircraft production too in connection with the meeting. At Finnair these talks were not, however, interpreted as "serious negotiations."

The company is not even particularly interested in them. Lundstrom said that there is not a single kind of aircraft in production in the Soviet Union or even as a very far advanced development project that would meet Finnair's current or known needs.

Manzhulo's allusion to the coupling of aircraft purchases with tourism strikes Lundstrom as odd. Finnair has been interested in charter flights to vacation spots on the Black Sea, but they have been rejected by the Soviets, who claim technical difficulties as an excuse. Still earlier this spring Finnair would have been quite interested in a Kiev route. After Chernobyl these dreams were very deeply buried and, according to Lundstrom, there are no other routes that interest Finnair aside from the present Moscow and Leningrad flights.

Mixed Companies Downright Odd

Like most of their countrymen, Finland's Soviet trade officials are almost down to the last man on they annual vacation they have earned.

Embassy counselor Tapani Lehtinen of the Foreign Ministry's Trade Policy Department said they also discussed the establishment of mixed companies unofficially in connection with Minister Aristov's visit. In Finland it is, however, generally believed that the possible creation of mixed companies will still take a long time if only because there is not yet legislation in the Soviet Union that would make it possible to found such companies with the Western countries.

Industrial Confederation director Aarne Castren also said the same thing. According to him, the whole business is so new that industry has no clearcut opinion on it. "[The idea of] mixed companies was raised in connection with Aristov's visit and after that everyone went off on vacation. We will probably get back to the issue during the Economic Commission meeting in September," Castren said.

The Soviet Union already engages in such, elegantly put, joint-venture type collaboration with some socialist countries. A few weeks ago the news spread from Sweden that Sandvik was engaging in extensive joint-venture company projects with the Soviet Union, but in Finland this report was regarded as premature.

The Soviet Union is believed to be interested in joint-venture companies because, among other reasons, the country may obtain know-how, risk capital, business management skills and training through them, all of which skills there is a shortage of in our eastern neighbor country. Finnish exporters to the Soviet Union might at least be attracted to joint-venture companies by the possibility of obtaining new export opportunities and royalties outside clearing accounts.

Finnair Will Not Readily Buy Aircraft from Soviets

The pressure once again strongly produced by the trade policy situation to buy Soviet aircraft for Finnair is again putting the familiar old squeeze on general manager Gunnar Korhonen only a few months before retirement. The national interest may, at least in the opinion of some, require us to purchase Soviet aircraft. The interest of the company makes it absolutely necessary for it to fly with Western equipment.

Korhonen has had to resolve the same kind of situation several times before too. The end result is well-known. Soviet trade balance problems have been resolved in other ways. With the backing of his politically very influential board of directors, Korhonen has bought those aircraft he himself and the company's engineering staff have felt were best. These aircraft have come from either the United States of France.

Not a single one of the commercial aircraft at present in production in the Soviet Union is suited to Finnair's needs. The Finnish company is committed to the American McDonnell Douglas Company's MD aircraft for its mid-range flight equipment and to the French-Italian ATR for its short domestic routes. A new aircraft primarily to replace the DC-10 on long runs will be considered sometime during the next decade.

There is no such aircraft in the Soviet Union. The country's only wide-body civilian aircraft, the Il-86, is equipped with engines that consume a lot of fuel and are out of date by Western standards. A successor, the Il-96, is being developed, but in the West its engines are believed to be of roughly the same class as on the Il-86. Large overflow engines that economize on aircraft kerosene have been a problem for Soviet engineers.

Not Interested in Side Benefits

An ATR size class aircraft is also on the drawing board in the Soviet Union, but Korhonen has not tried to have anything to do with it as either a seller or a buyer. He has in a preliminary way discussed the possibilities of supplying serving tables, among other items, for such aircraft from Finnair's Savonlinna factory, which is at present the only producer of serving tables for the ATR.

Pictures representing other aircraft on the drawing board have, to our knowledge, been shown to Finnair representatives too, but it is quite a long way from them to serious sales negotiations. Nor do the potential side benefits of tourism attract Finnair to these either. The company has little interest in new Soviet routes, nor do they believe at Finnair that the Soviet Union will link such aircraft sales with the right to fly over the country on a Peking route, regarding which they intend to begin negotiations in September.

Operational economy and competition are the two most important reasons why Finnair does not want to buy commercial aircraft from the Soviet Union. The competition forces Western designers to optimize the operational economy of their aircraft by using the latest techniques. The requirements are not so rigorous in the East.

The Finnish company that competes with other Western companies in the world does not regard Soviet equipment as a competitive advantage, but as a drawback. With these arguments and the backing of the very highest people in the country, Korhonen has rejected demands for the purchase of Soviet aircraft before too.

The arguments are the same as the earlier ones and support is nearby. The Finnish chairman of the Economic Commission, Prime Minister Kalevi Sorsa, is the chairman of the Finnair board of directors.

11,466
CSO: 3617/138

SOVIETS INCREASE PURCHASES OF RAIL CARS

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 86 p 3

[Text] Rautaruukki has contracted to supply the Soviet Union with 1,200 new special rail cars. Three hundred cars will be exported before the year is out and the remaining 900 next year. The value of the sale is 400 million markkas.

The cars to be shipped this year will fill a gap left by mineral fertilizer cars. This spring the Soviet Union refused to buy 550 fertilizer cars from the Otanmaki factory because they were too expensive in the opinion of the buyer. They have not yet reached agreement on the fertilizer cars.

Rautaruukki's goal was to export 1,800 cars to the Soviet Union this year. The contract that has just been signed means that the company will export 1,500 cars.

Two hundred of the cars to be shipped this year are lumber cars and 100 are liquid food transport cars.

11,466
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SUPPLEMENTAL BUDGET INCLUDES HELICOPTERS FOR BORDER GUARD

Helsinki HELSINGIN SANOMAT in Finnish 12 Jul 86 p 6

[Article: "Year's First Supplemental Budget Is 1.1 Billion"]

[Text] On Friday the President of the Republic approved the current year's first supplemental budget. The final sum of the supplemental budget is 1.1 billion markkaa.

The supplemental budget includes funds for, among other things, increases in unemployment security benefits approved in connection with the labor contracts negotiated in the spring as well as for advancing the dates of construction jobs and procurements. The energy tax reform was also adopted in connection with the supplemental budget.

The supplemental budget also contains funds for arrangements with respect to the Ajokki Company's economy. The Border Guard received authorization for the procurement of two medium-size helicopters and an order for one outer patrol boat. The Defense Forces may procure additional Soviet-made specialized equipment.

The government's debt management will eat up most of the supplemental budget's funds. The Council of State also received authorization to take out an additional loan this year amounting to 1.8 billion markkaa so that older unfavorable loans can be changed into more favorable loans.

10576
CSO: 3617/142

ECONOMIC CRISIS PLANNING PANEL ISSUES FARM RECOMMENDATIONS

Helsinki HELSINGIN SANOMAT in Finnish 24 Jun 86 p 11

[Article: "Crisis Committee Considers Fields As Best Emergency Reserves"]

[Text] The Economic Defense Planning Committee wants to retain our country's present 2.2 million hectares of fields as suitable for cultivation. The present number of hectares would be sufficient to guarantee a food supply during a trade embargo lasting 3 years if Kemira's plans for a nitrogen plant using peat as a raw material are accomplished.

The directives presently in effect with respect to the emergency stockpiling of grain should not be changed in the opinion of the committee.

The food supply group in the planning committee, which has taken 2 years to prepare its report, published the results of its work on Monday. Two different "threat scenarios" serve as the basis of the report. In the first Finland finds itself in a 6-month economic crisis, and in the second alternative the crisis extends to 3 years and the situation includes a threat of war.

The group proposes that food supply plans during a crisis be expanded from other premises also, "a nuclear fallout", among other things.

"The effects of a nuclear fallout were deliberated in the planning committee and we have requested statements on future planning from our own food supply pool and farm section," points out Planning Director Mika Purhonen. "A clarification of the effects of a fallout will be tedious, our first attempt will be on the basis of these two models," says Jorma Kallio, the chairman of the work group. "Taking fallout into consideration would have produced a completely different procedural proposal."

In principle there are two alternatives in the event of nuclear fallout, emergency stockpiling or foreign imports.

Storage Considered To Be An Expensive Solution

Markku Suojanen from the production and marketing policy group of MTK [Agricultural Producers Association], who participated in the work of the food supply group, argues that the food supply cannot be made permanently dependent on stockpiles during a crisis. "Stockpiling is expensive and presupposes an operational transport system. The report proceeds from the premise that the present field area must be preserved."

The stockpiling goals contained in the grain storage law in effect represent a total of 900 million kilos. Without replenishment these reserves will be exhausted in less than a year. After that, in practice there will not be any feed grains as well as bread grains.

In fact, last month there were 933 million kilos in the government's grain storage facilities. According to calculations, the warehouse, however, needs a margin of more than 300 million kilos for conducting its transactions. The goal of the grain storage warehouse is 1.3 million [sic] kilos and this should be accomplished in 1987. However, at the same time preparations are being made for a law by which these goals would be postponed by 5 years.

The present goal should be accomplished without delay in the opinion of the Economic Defense Planning Committee.

In addition, the planning committee is proposing the development of small farms, the supply of a labor force for agriculture during a crisis, experiments on the ability of farms to withstand a crisis, and the procurement of electric generators as reserve power sources for livestock facilities.

The planning committee hopes that Finns will eat more grain instead of meat as in the 1950s. The number of cattle would not have to be limited more aggressively than at the present time, but the production of pork and eggs would have to be gradually reduced during a crisis.

All in all, the work group is rather optimistic. According to the report, it would be possible to guarantee four-fifths of current farm production even if imports were cut off. From current reserves there would be sufficient fuel oil for tractors for a long time. The completion of Kemira's new nitrogen plant is, however, an unconditional prerequisite for the productivity of fields. A large new plant would be capable of producing one-third of the present annual consumption of nitrogen fertilizers.

Haavisto Wants Report on Nuclear Fallout

"A similar report should also be compiled immediately on how the food supply would be ensured and protected in other exceptional crises, as in the event of a possible nuclear fallout," commented Chairman Heikki Haavisto of the Agricultural Producers Association.

"Of particular interest is the fact that in order to guarantee the food supply in a crisis situation, the whole present field area under production would be needed while under normal conditions domestic consumption can be satisfied with a clearly smaller field area. If the field area is reduced, emergency stockpiling will have to be increased perceptibly."

The Economic Defense Planning Committee is a committee of experts established by the Council of State. Its predecessor, the Economic Defense Advisory Committee, began its work in the 1920s already. The present planning committee was established in 1955 and its position was confirmed by legislation in 1960.

Until now the planning committee along with its sections has operated under the jurisdiction of the Ministry of Trade and Industry. The food supply group is proposing in its report that its position in the planning committee be better protected. The group considers the transfer of agricultural planning under exceptional conditions to the Ministry of Agriculture and Forestry as another alternative.

10576
CSO: 3617/133

ECONOMIC FRANCE

SOCIAL SECURITY PAYROLL DEDUCTIONS INCREASED

Paris LE MONDE in French 2 Jul 86 pp 1, 31

[Text] Reestablishment of a tax on all incomes (0.4 percent) and an increase of 0.7 percent in old age contributions are the two measures for ensuring the financing of social security announced by Mr Seguin, minister of social affairs and labor, on 1 July. These decisions constitute a victory for the minister; he was opposed by Mr Balladur, who was anxious to promote a reduction in obligatory deductions.

Economies, or new revenues, or both? "Social contributions" levied on all incomes, or an increase in the old age contribution--since it is retired persons who play a determining role in the difficulties of the general social security system? To these questions, asked several weeks ago, to ensure the equilibrium of the general system--in fact after Mr Chirac's speech before the National Assembly--the government responded on 1 July, through Mr Philippe Seguin, minister of social affairs.

The response has three propositions: First, one cannot avoid calling for supplementary financing without substantial risk in 1987, unless drastic--and politically impossible--economies are implemented. Second, to furnish the revenue, there will be a combination of a partial reestablishment equal to the social contribution (0.4 percent) on all income, and an increase of 0.7 percent in the old age contribution (for individuals, not business firms), with the hope of thus sparing the moderate salaries (supported by the FO [Workers Force], CFDT [French Democratic Confederation of Labor], and the CFTC [French Confederation of Christian Workers]), and on the other hand the workers, farmers, and liberal professions (unless there prove to be too many disadvantages.

Third, to modify the system slightly and carry out the necessary economies, social partners and those responsible for social security funds are being asked to reflect briefly on possible economies and suggested means of implementation. One way, it is hoped, of winning the battle and getting everybody involved.

"Not to draw up the 12th financing plan for social security": That is what Philippe Seguin, minister of social affairs, had pledged from the beginning. Even though, definitely, that is what we risk running into a few months from now, the program presented by Mr Seguin on 1 July is both more and less than a "plan for recovery," according to the terminology most frequently used by his predecessors.

It includes one most important element from the finance plan: the collection of new resources. The government is announcing a deficit of 20 to 22 billion francs for the general social security system in 1986 (17 to 18 billion francs for old age insurance, 5 to 6 billion for health insurance) and from 38 to 40 billion in 1987 (28 billion francs for old age, 15 to 17 billion for health). (Footnote 1) (The National Fund for Family Allocations, in turn, would have a surplus of 2 to 4 billion francs.) Taking into account current reserves, the "amount needed for financing" is more than 30 billion for the 2 years. These figures can be disputed: Some say rather that the deficit for 1986 will be 15 to 18 billion francs. But it cannot be denied that, by the end of 1987, the accumulated deficit will be substantial, particularly in the old age branch.

Mr. Seguin announced on Tuesday two combined measures for financing. First, an increase of 0.7 percent in the old age contribution beginning 1 August, on virtually all salaried workers (those of the private sector affiliated with the general system, but also civil servants and the military), as well as craftsmen and business people whose retirement systems are "aligned" with those of salaried workers. This measure should bring in 10.4 billion francs between now and the end of 1987.

At the same time, it has been decided to reestablish a "social contribution" (Footnote 2) (The social contribution of 1 percent on salaries, done away with on 1 January 1985, had been retained on income from stocks and bonds.) of 0.4 percent on all 1986 and 1987 incomes, which should bring in 9.7 billion francs. The manner in which this is to be done has not yet been decided, and it is possible that it may not be in operation before 1987, the fiscal administration fearing that it will be unable to manage through next autumn, as far as 1986 is concerned.

However, according to the social affairs minister, it is only a question of taking some time to prepare a correction of the "drift" of social security expenditures in two areas, health insurance and old age insurance, with the aid of the social partners of the system's administrators. The usual "economies" indicator is missing, although the figures show the need for them if it is desired, as the government states, to make a supplementary effort for families.

Correcting the "Drift"

The pivot of the reform must be "a revitalized social security accounting commission," with a secretary general (Michel Lagrave, general counsel for the Court of Accounts), assisted by two permanent reporters from the office of the inspector general of social affairs. These people would work with the national funds, the administrations and other experts to offer (doubtless quarterly) an overview of the development of the systems and of the financial "balance" between them.

The commission should (as has the High Council on Population and the Family) form work groups to present proposals on specific problems. Mr Seguin expects to request immediately a report from the commission on the development of health expenditures--parallel to the discussions which are expected to take place between the health insurance funds and the physicians. Expenditures for ambulatory medical care are currently being made at the rate of 6 percent by volume, compared with 3 percent for the last few years. This represents 3 billion francs in supplemental expenditures. The accounting commission would also examine the "nation's social budget" prepared as an adjunct to the finance law.

However, Mr Seguin expects to create a special commission to study the problems of the aged. This commission would include all the social partners and representatives of retirement systems (including complementary systems) and associations of retired persons and those contemplating retirement. It should, before the end of the year, present proposals for the development of the retirement system, particularly in two areas: methods for establishing a "retirement a la carte" and methods for revaluing pensions--Mr Seguin favoring a calculation based on the rise in consumer prices.

[Box, p 31]

A Clever Formula

Mr Seguin has, unarguably, achieved success in obtaining, as of now, more than 20 billion francs in new revenues over a 2-year period for the general social security system, a measure whose need was not imposed on the government from the outset. The minister of social affairs has been especially successful in levying a contribution on all incomes, which the economy minister opposed consistently in order to achieve a greater reduction in obligatory deductions in 1987. This victory was hard won: In the course of several interministerial meetings, Mr Seguin had succeeded only in postponing the final decision. Having finally won his case, he still had to turn back, again on Monday, a final offensive by Mr Balladur.

The formula retained, mixing contributions and deductions, appears to be a clever one: Recourse to deductions, which is more equitable, satisfies the FO, the CFDT and the CFTC, who did not want salaried workers--and particularly the most modestly paid--to be the only ones to bear the expenses of reestablishing the funds, but the limited rate of this deduction spares, relatively, the workers and particularly the liberal professions and farmers who are the voting clientele of the new majority. Finally, the anticipated increase of 0.5 percent of the pensions to 1 October may help to pass the whole thing, even if it seems like an act of repentance.

Mr Seguin has won the field: first with these new revenues which will allow him to get through most of 1987 without having to practice too stringent economies, and then by placing the choice of subsequent measures on the social partners and the national social security funds, health insurances among others.

The minister of social affairs took the heads of the funds at their word, particularly Maurice Derlin, president (Workers Force) of the National Fund for Health Insurance for Salaried Workers (CNAMTS), who has so insistently demanded a lessening of the state's role. To the social partners, notably the unions, he announced the agreement for which they have been clamoring.

In leading them to make the choices, Mr Seguin appears to remain on a liberal course, giving preference to the "contractual" over the intervention of public power. But it is a well-tempered liberalism. One no longer finds in Mr Seguin's program development plans for the retired based on capitalization, the placement of social security funds in competition with private insurers or reduction of the obligatory coverage, which are still present, although blurred, in the RPR-UDF [Rally for the Republic - French Democratic Union] joint platform. Although all these projects have not, perhaps, truly disappeared: Within the administration they are continuing to work on some of these hypotheses.

Retirement "a la Carte"

Above all, the road open to social security funds and to social partners is already clearly marked. To slow down the increase in expenditures for urban medical care they are counting not only on discussions between the health insurance funds and the physicians, but also on the restriction--indeed the suppression--of the 100 percent reimbursement of the "26th" long and costly illness, which could doubtless mean a saving to the general system of 800 million francs per year. For retirement, it is a question of bringing the revaluations into line with the increase in prices and of implementing a formula for "retirement a la carte."

Mr Seguin's method is not entirely new. Mr Beregovoy had begun a comparable operation after the recovery plan of autumn 1982, announcing a "Social Protection Blanket," and publishing in June 1983 a white paper whose reflections are still valid. The plan's study of retirement plans ordered by Laurent Fabius also serves for a point of reference and contributes to the teachings which Mr Seguin wishes to put into practice.

Mr Beregovoy's "blanket" bogged down. What will become of Mr Seguin's proposal? He has perhaps given himself a better chance by imposing delays on the commissions. One cannot help, however, having a certain skepticism. For several reasons. First, the minister's project, in order to succeed, requires a climate of trust with the unions: "One cannot effect the economic recovery against the salaried workers, nor without them," Mr Seguin declared Sunday at Dax, before rightist elected officials. One could say the same for social security. However, trust, in this area, depends largely on discussions carried on in other areas, among other things on the administrative authority to dismiss employees. Especially since the socialists had also promised to decrease the state's role, before contenting themselves with "tightening the screws." As for the social security funds predictions, they had appeared rather pessimistic in 1983 and 1984, among other years, before blossoming out into an excessive optimism in 1985. Will the independence of the accounting commission resist the next election?

8735/13046
CSO: 3519/215

SCHLUTER: LEFTIST PROPOSAL COULD DESTROY REINFORCEMENT PACT

Copenhagen INFORMATION in Danish 7 Jul 86 p 3

[Article by stal]

[Text] The Left Socialists will seek a clarification of the procedure for Danish acceptance of nuclear reinforcements.

An advance, isolated Danish refusal to accept nuclear arms in any situation, i.e. in times of peace, crisis and war, may create insurmountable difficulties in the Allied reinforcement planning. Such a step may have the effect that countries which may be providing reinforcements, might decline to commit themselves in advance to make forces available for the defense of Denmark, Prime Minister Poul Schluter (Conservative Party) writes in an answer to Kjeld Albrechtsen, M.P. (Left Socialist Party).

The Prime Minister, however, also points out that it is not the understanding of the government that the supply of reinforcements to Denmark will depend upon a Danish acceptance to receive nuclear weapons at the same time.

He stresses that it has been expressly stated from the Danish side that the supply of nuclear arms to Denmark at any time will depend upon prior Danish acceptance.

Wants Procedure Clarified

Kjeld Albrechtsen states that he is at least satisfied that in his reply the Prime Minister now establishes that the supply of nuclear arms to Denmark will depend upon a concrete Danish decision, and that nuclear reinforcements are not a matter of course in advance, as statements by certain ministers might seem to indicate.

Albrechtsen says that the Left Socialists will continue to work toward the declaration of Denmark, via a decision by the Folketing, as a nuclear-free country at any time--also in times of war, but the Left Socialists do not want to cause an interpellation debate on the subject if the indications are in advance that a proposal to declare the country free of nuclear weapons in any situation will be defeated.

He refers to the statement by the Social Democratic political spokesman, Svend Auken, that the Social Democratic Party will not participate in the game of proposals in the fall on freedom from nuclear weapons.

"However, there will probably be grounds for examining which procedure should be used in a situation where the decision will have to be made whether we shall accept nuclear weapons in Denmark. We have a resolution from the spring which says that the supply of nuclear arms to Denmark will be conditional upon the agreement of the Folketing. But there are various interpretations of what that means. Is it the foreign policy committee? Is it only the government and the group chairmen? It should be examined whether it will be possible to work out a safe procedure in order to avoid hasty decisions. The procedure will have to take into consideration that a decision, if any, whether or not to accept nuclear weapons will be made in a situation of whipped up excitement where the NATO authorities carry on a violent war agitation. That is why the procedure will have to be strong," says Kjeld Albrechtsen.

7262
CSO: 3613/171

DEFENSE MINISTER ENGELL DEFENDS NATO NUCLEAR STRATEGY

Copenhagen AKTUELT in Danish 3 Jul 86 pp 10,11

[Op Ed Article by Defense Minister Hans Engell]

[Text] It attracted a good deal of attention when a couple of weeks ago the chairman of the Social Democratic Party, former Prime Minister Anker Jørgensen made statements which might be interpreted as indicating that the Social Democratic Party was on its way toward a definitive decision to reject nuclear weapons in Danish territory under any circumstances--and thus a clear break with the present NATO strategy and the hitherto Danish policy. The debate became vehement--but also brief--after Anker Jørgensen as well as Svend Auken had pointed out that it was not a question of any new position but merely a confirmation of the hitherto Social Democratic policy, viz. to work toward keeping Danish territory free of nuclear weapons.

Even if the debate has quieted down for the time being, there is no doubt that the nuclear arms question will remain an extremely hot issue in the security policy debate and will probably mark a number of the discussions during the fall within the Folketing--if for no other reason, then because the Socialist People's Party and the Left Socialist Party have made it their favorite maneuver to involve the Social Democratic Party and the government in as many interpellation debates in the Folketing as permitted under the order of business of the Folketing. But for this very reason, it is important for everybody to realize that the nuclear arms issue is not merely an issue of secondary importance which may be viewed and discussed entirely without effects on a number of other foreign policy and security policy matters--including, in the final analysis, the very content of the Danish NATO membership. I should like to give more detailed reasons for this in the following.

Denmark's nuclear arms policy has for many years been based on a special reservation which, like the Norwegian, establishes that we do not want nuclear arms on Danish territory in times of peace. This policy has always met with understanding on the part of our Allies. But, as was also pointed out in the Dyvig report on the Danish security policy, this is, undoubtedly, due to the fact that the Danish policy has been formulated with a view to the peacetime situation and, therefore, does not deprive the Alliance of the flexibility which is a prerequisite for the deterrent effect of the flexible defense strategy. If, on the other hand, Denmark definitively and unilaterally declared itself free of nuclear arms in times of crises and war as well, the situation would be entirely different. If so, it would be in direct conflict with the jointly adopted NATO strategy, according to which it is a central element of the deterrent effect that the use of nuclear arms for purposes of defense cannot be left out of consideration. The consequences in relation to the Danish NATO membership would become most serious, and there is no doubt that for Denmark it would, moreover, have an important effect in connection with the calling in of reinforcements, which are an important element in the Danish defense policy. Furthermore, a unilateral rejection of nuclear arms would not provide us with any guarantee against the use of nuclear arms in times of war against Danish territory. Nor would it be realistic to expect a unilateral Danish rejection of nuclear arms to have an actual influence on the powers possessing nuclear arms and thus make Denmark a safer place in a situation of war.

In a situation of crisis or war, the cooperation with Allied reinforcements coming to our rescue will be entirely decisive for the Danish defense effort. There is therefore no doubt whatsoever that a Danish decision made in advance not to accept any nuclear weapons under any circumstances--in times of peace, crisis or war--would create insurmountable difficulties to the Allied reinforcement plans. The clear emphasis on the part of the experts behind the Dyvig report that such a step might cause countries which might be providing reinforcements to decide in advance not to commit themselves to making forces available for the defense of Denmark is entirely realistic. In actual fact, such a reservation would have the effect that Denmark would be cut off from the general strategy of the Alliance, and the consequences of this will conceivably be that Denmark would not, with the same right, be able to expect the collective security guarantee of NATO. There would have to be an adjustment with regard to the defense of South Norway, the northern part of Germany (and thus also of the Netherlands) and the control of the Danish straits. A Danish participation in the central defense organs of NATO as well as in the NATO commands would become extremely problematic.

The very important observation made in the Dyvig report that Denmark's strategic importance--regardless of our nuclear arms policy--would not change, should certainly not be overlooked either. "The Danish territory would continue to be included in the plans of the East as well as the West. A plan on the part of the West aiming at denying the attacker access to Danish territory would thus presumably be made without Danish cooperation and without the regard which participants in an equal cooperation may expect and demand and which we undoubtedly had in mind in joining NATO."

Nuclear arms have an inconceivably destructive force, and it is therefore not without reason that their existence--and continued development in the East as well as in the West--may result in emotional outbursts, demonstrations and discussions. We have got to realize, however, that nuclear arms have been developed and cannot be ruled out. In other words, we have got to learn to live with them--even if the armament level may hopefully be reduced from the one we know today. We, moreover, have to keep in mind that it is primarily a question of political weapons--nobody can believe that a nuclear war will leave any victor alive. Conversely, in order for the military strategy of the NATO alliance to have any credibility, these weapons will have to form part of the deterrent strategy. NATO is a defensive alliance--no NATO country will take up arms unless it has itself been attacked first. However, if attacked first, the Alliance will have to be capable of countering an attack at the level at which it was launched. Otherwise, the Alliance would be without credibility militarily.

That does not mean that we shall not be able to make ourselves more independent of these weapons--that we shall not be able to create security at a lower armaments level. That was the background when, in October of 1983, with the active contribution of Denmark, the NATO countries decided to reduce the number of nuclear weapons in Europe by 1,400 warheads--in extension of the 1,000 which had already been withdrawn following the dual decision in 1979. When these reductions have been finally carried through in 1988, we shall have the lowest number of nuclear weapons in Western Europe in the last 20 years.

Both following the Western reductions in connection with the NATO dual decision in 1979 and with the so-called Montebello decision in 1983, it was the hope of the Western countries that the Soviet Union would follow suit. It was a question of unilateral steps on the part of the West which were not determined by Soviet initiatives-- but we hoped that the willingness to undertake an arms reduction, so often stated in the media of the West by the Russians would also stand the test of practical application. In both cases, our hopes were disappointed. This may illustrate how difficult it is to achieve mutual results in the security policy area. It is not enough to state--as Anker Jørgensen did in the past: "We we want to have peace, for God's sake." That will not make the outside world click its heels nervously and say: Of course.

It will also be honest to state that the reason why nuclear weapons have come to play a bigger role in the debate is not least the lack of willingness--also in Denmark--to spend sufficient funds on the conventional defense. The weaker the conventional forces, the greater the dependence on nuclear weapons. But when the rest of us have stressed this correlation, the Social Democrats have usually backed out. They want neither one thing nor the other--they do not want to pay more toward the conventional defense--and, as a consequence, the dependence upon nuclear weapons will naturally at least remain constant. I have attached importance to the fact that in the debate of the last few weeks in the media on the Social Democratic introductory statement in connection with the debate on the future defense agreement, it has been stated that there may be increases in the defense budget. I shall naturally be the first to welcome this--at the same time as it will be a reflection of a more coherent policy than the one hitherto pursued if this did, indeed, take place.

Allow me to point out as stated by President Kennedy in July of 1961 when the Soviet Union had brought about the second Berlin crisis--the crisis which was started with the construction of the Berlin Wall and the attempt to stifle the free West Berlin. In a speech, Kennedy said, among other things: "We must be in a position to deploy a force which, together with the force of our Allies will be large enough to stress our firm decision and our ability to defend our rights at any cost in any threatened area at any point of time, and which will enable us to resist pressure from an attacker of any magnitude with the needed strength. We intend to be able to choose among other things than mere humiliation or an unlimited nuclear war."

That was in 1961. But the problem still exists today. Being able to choose among other and more things than humiliation or an unlimited nuclear war.

7262
CSO: 3613/171

JØRGENSEN SIGNALS SDP WILLINGNESS TO REACH DEFENSE AGREEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jul 86 p 2

[Article by Thorkild Dahl]

[Text] Defense Minister Hans Engell (Conservative Party) is satisfied with the Social Democratic statement that a new defense agreement will have to be broad and be agreed upon together with the government parties. Anker Jørgensen says that the defense will largely have to be of the same magnitude also in the future.

Broad political support behind our defense agreements is important, says Social Democratic chairman Anker Jørgensen, adding that the party is now aiming at a compromise with the government parties on the defense agreements after 1987.

Defense Minister Hans Engell (Conservative Party) tells BERLINGSKE TIDENDE that the government will also be willing to enter into a broad agreement, but it cannot take place at any cost.

"The decisive thing is the content of a defense agreement, but in order to ensure a firm framework for the defense agreement, it can only take place in such a cooperation, but an agreement will mean that all vague statements on the part of Social Democrats on a defensive defense and a cooperation with the Socialist People's Party will have to be abandoned," says Defense Minister Hans Engell.

"The defense that Denmark has today is defensive because it only takes effect when the country is attacked. I hope that we shall be able to arrange a new defense agreement in time before the expiration of the present agreement by the end of 1987," says Hans Engell, adding that he has "at no point believed that the Social Democratic Party would be able to maintain a defense cooperation with the Socialist People's Party, for Social Democratic voters will not accept that."

"One cannot give a party such as the Socialist People's Party the responsibility for Denmark's defense. Only 7 months ago, the Socialist People's Party presented a proposal to eliminate Danish defense entirely," says Defense Minister Hans Engell.

Anker Jørgensen says that he "does not believe that it will be possible to arrange a defense agreement with the Socialist People's Party."

"If we really tried to make a defense agreement with the Socialist People's Party involving a defense of approximately the same magnitude as the present one, the Socialist People's Party would not be interested. The Socialist People's Party will not be able to maintain it. I believe that it is a fact that we shall not be able to agree on it," says Anker Jørgensen.

"It is important that we have broad support for the defense agreement that we have, and I therefore believe that we shall have to make every effort to arrange an agreement with the parties which supported the present defense agreement," says the chairman of the Social Democratic Party.

"We agree with the government parties that Denmark must have a defense, and we agree with them that it will have to be of approximately the same magnitude as the present one. I believe that we also agree on that in the future," says Anker Jørgensen, but he points out that there may be disagreement with the government parties "whether to build up the military system so that it will, to a greater extent, become a definite defensive defense system."

"That is a matter which we shall hopefully be able to agree on through negotiations," Anker Jørgensen adds.

The defense policy spokesman of the Socialist People's Party, Jens Thoft, agrees with the chairman of the Social Democratic Party that there is great disagreement between the two parties on the defense expenditures, the reinforcement agreements and a Denmark entirely without nuclear weapons in times of peace as well as in times of crisis and war.

"The defense policy viewpoints of the Socialist People's Party and the Social Democratic Party are too far apart to maintain the relations," says Jens Thoft, adding, however, that if the Social Democratic Party commits itself to a defense agreement that will remain in force for several years, this will contribute to rendering a government coalition between the Social Democratic Party and the Socialist People's Party difficult.

"We may, of course, have a formal cooperation, but the Socialist People's Party does not want to contribute to collecting funds for defense expenditures which we cannot vouch for," says Jens Thoft.

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CSO: 3613/171

SDP DEFENSE SPOKESMAN CRITICIZES MINISTER ON NAVY FUNDS

Copenhagen INFORMATION in Danish 27 Jun 86 p 6

[Text] Defense Minister Hans Engell (Conservative Party) makes misleading statements on the peace preparedness and general use of funds on the part of the Navy, says Social Democratic defense policy spokesman Knud Damgaard.

Last week, Knud Damgaard criticized the Navy for having developed an overtime bulge of 48,000 off-duty days and for incurring, at the same time, a larger increase in its use of funds for salaries and wages and fuel than the Army.

Hans Engell has now rejected Knud Damgaard's criticism, stating that one third of the activities of the Navy consist in fishery inspections which the State has directed the Navy to undertake.

"Hans Engell forgets to say that the Navy has all expenses for fishery inspections refunded via the civilian budget. That is why one cannot brush aside a discussion of the use of funds on the part of the Navy in that way," says Knud Damgaard.

Frigates Save Tanks

Knud Damgaard also criticizes the fact that there are no sufficient funds for the Army to appoint enlisted privates on 3-year contracts for the tanks of the Army. The Army finds that 3-year contracts are a prerequisite for the proper functioning of its tanks.

"There is a budgetary shortage of 74 million kroner. It would be appropriate to transfer these funds from the Navy when the two frigates Peder Skram and Herluf Trolle are laid up on 1 July 1987. That will result in annual savings of 100 million kroner in the operational costs of the Navy. It will be unreasonable if these funds are instead used to reduce the overtime bulge of the Navy," says Knud Damgaard.

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CSO: 3613/171

BRIEFS

SCHLUTER DEFENDS NUCLEAR POLICY--The possibility of bringing NATO reinforcements to Denmark could be jeopardized if Denmark rejects in advance the idea of accepting nuclear weapons under any conceivable situation, in other words in peacetime, wartime and times of crisis. So said Prime Minister Poul Schluter (Conservative) in a reply to Folketing member Keld Albrechtsen (Left-Socialist). "Advance refusal will create incredible problems in planning allied reinforcement and could result in countries that might send reinforcements being unwilling to commit themselves in advance to making forces available for Denmark," Schluter said. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Jul 86 p 5] 6578

CSO: 3613/168

MILITARY PROMOTIONS, APPOINTMENTS ANNOUNCED

Lisbon O DIABO in Portuguese 15 Jul 86 p 7

[Text] Gen Carlos Azeredo is the new commander of the Northern Military Region [RMN], having been appointed by the Superior National Defense Council. This is news that we report with particular gratification for reasons which, understandably, are not merely of a military, but also of a moral nature: It may be recalled that Gen Carlos Azeredo was relieved of the position of RMN second commander in 1982, following a personal letter to the then Army chief of staff [CEME], Garcia dos Santos, "advising" him to resign "in order to preserve the image of the Army, already blurred by irregularities which the CEME himself committed."

At the time (the letter was sent on 28 April), Carlos Azeredo cited, among other factors, the debt of General Garcia dos Santos (not only as a co-signer, but also as a drawer) to the BNU; in a case which was revealed and reported in detail in the pages of this newspaper.

Garcia dos Santos (who did not reply to the letter until May of that year) considered the letter from the then Brigadier General Azeredo to be "insulting," and sentenced him to 10 days in jail, which were to be served at the end of August 1982.

Hence, General Azeredo's return to the Northern Military Region is, in addition to the Armed Forces' recognition of the prestige of a military man who has always honored them, redress for a serious injustice caused in 1982 by Garcia dos Santos' political persecution.

The Superior National Defense Council also named Gen Fernando Morgado commander of the Central Military Region; promoted Brigadier Lino Miguel, currently minister of the republic for the autonomous region of Madeira, to general; and appointed General Goncalves Passos to the directorship of the National Defense Institute.

2909
CSO: 3542/131

MILITARY PORTUGAL

PARLIAMENTARY DEFENSE COMMITTEE AMBIVALENT ON EQUIPMENT PURCHASES

Lisbon O JORNAL in Portuguese 18 Jul 86 pp 7-8

[Text] The purchase of the frigates, of more aircraft, and of the antiaircraft defense system has taken all the available money for the purchase of military materiel, and has left the major problem of military equipment yet to be solved. This, in brief, is the conclusion reached by the parliamentary defense commission which prepared a report regarding which it only remains to be said that the proposals submitted are, simultaneously, a fait accompli and a predicament from which no one may manage to extricate us in the coming years.

With Parliament analyzing the plans for the purchase of military equipment, the stringency regarding what is done and not done seems finally to be arriving.

The commission has proposed the postponement of the parliamentary debate, owing to the lack of information and the need to hear the Superior Defense Council; but the Assembly may have no recourse other than to approve the purchase of the proposed materiel. In the case of the Meko frigates which, after all, are overly modern, because the models to be constructed have not been tested by any other country, the signing of the contract has been set for next Thursday, 24 July. In the case of the Orion aircraft, five of the six units to be purchased are already in Portugal. It will be difficult to refuse better equipment for the A-7 planes, because it is not a matter of purchasing more aircraft, but rather of making the existing ones more operational. Only in the case of the antiaircraft defense system for the Army would it be possible to make a delay, because this is a system that is already being replaced in the United States and the Federal Republic of Germany; however, this position may have only a symbolic value. The antiaircraft missile system represents the smallest outlay in the budget submitted, which amounts to a total of nearly 170 million contos, with a minimal financing of 40 million until 1991.

Government: Indifferent As To Where To Begin

The commission admitted that the option for the proposed programs was due to financial limitations in a situation "wherein the government, through the honorable minister, thinks that the needs are so great that it is indifferent as to where to begin." It is concerned about monitoring the problems raised by the commission regarding each type of equipment proposed: Vulcan/Chaparral (antiaircraft defense system): "It was asserted (the report states) that the system is a step toward the independent mixed brigade antiaircraft defense; but this defense is only effective when integrated into a medium and high altitude defense system. In the context of the brigade activity in Italy, that defense is ensured; in Portugal, it is non-existent. The system is being replaced in the first-line units of the U.S. and the FRG."

A-7P aircraft: "It has been reported that the A-7P are now all in Portugal; there will not be any new A-7P; and the anticipated lifespan is about 15 years." It subsequently states that "There is no interceptor squadron (the A-7P is an attack plane), because the United States has not financed its purchase, as had been desired by the Air Force in 1979."

Orion P-3 aircraft: a 1968 plane used until recently by Australia; a basic contract has already been signed for the supply of this apparatus. "In the debate that was held (the report states), there was evidence of indecision regarding the need, usefulness, and scope of the program. At present, there is no information on the operating costs of these aircraft, nor on the costs of adapting and implementing the necessary infrastructures." The report adds that the planes cannot engage in the "intensive patrolling" of the ZEE [Exclusive Economic Zone], which would be carried out at random as a supplementary task.

Meko Frigates: Not Everything Has Been Planned

The proposal sent to the Assembly does not include the revision of prices for the cost of the frigates, the helicopters, or the orders for the command, control, and communication system. All this should cost 28.5 million contos. The Meko version to be supplied to Portugal is a prototype not tested in any country, raising a problem here that is the opposite of that involving the aircraft, all of which were purchased second-hand: Might it not be these modern frigates that will create problems for us? Can a small country afford to purchase frigates that have not yet been tried out by others? "It is also important to stress (the report claims) that, in technical terms, the existence of three frigates, with the application of the suitable factor, implies only the existence of one operational one, which poses the knotty question as to whether this process will lead to future requirements (or to future commitments) that will absorb the essence (or part of the essence) of the financial capacities of the coming 5-year period (1991-196)."

2909
CSO: 3542/131

AIR FORCE HEAD DISCUSSES MANPOWER, MATERIEL PLANS

Bonn TECNOLOGIA MILITAR in Spanish May 86 pp 25-27

[Interview with Lt Gen Jose Santos Peralba Giraldez, chief of staff of the Spanish Air Force, by Javier de Mazarrasa; date and place not given]

[Text] With the approval of the Joint Strategic Plan (PEC) and the official delivery of the first EF-18 aircraft in 1985, plus other developments and events which will continue to unfold during 1986 and the following years, the Spanish Air Force is acquiring new significance and potential in the air defense of Spain, thus continuing its ongoing process of modernization and bringing itself up to date. Like any other armed force, the Air Force, concerning which we present a detailed discussion in this issue, is a living organism. As such it has numerous plans and projects of various kinds under consideration, fully integrated into contemporary Spanish life and also affected by problems of an economic type.

In order to become directly acquainted with an authentic picture of this reality, there is no better way than to refer to Lt Gen Jose Santos Peralba its most senior commander and representative, whom TECNOLOGIA MILITAR recently interviewed. Lt Gen Peralba Giraldez gave the following answers to questions regarding the Air Force:

[Question] General, in 1985 the Joint Strategic Plan was finally approved. What responsibilities are placed on the the Air Force under this plan?

[Answer] We need to formulate appropriate force proposals, within the economic ceiling previously approved, which will make possible the effective air defense of the country. We also need to be able to carry out, if necessary, offensive air operations within enemy territory, achieve air superiority, and meet the air support requirements of the land and naval forces.

[Question] Regarding the well-known defensive axis from the Balearic Islands to the Straits of Gibraltar to the Canary Islands, what is the point or area of greatest importance and responsibility from the point of view of the Air Force?

[Answer] This well-known defensive axis in fact is based on a purely naval view of things. The Air Force considers that the concept of this area of strategic interest should not be limited to a projection along a given line or

[Answer] The doors of the shelters are an additional defense but will make their construction considerably more expensive.

Initially, we undertook the construction of the shelters without definitively discarding the possibility of installing doors in the future, in accordance with our budgetary possibilities.

Therefore, it is obvious that cost/effectiveness considerations regarding both kinds of construction programs highly favor shelters without doors, within the general context of having a few aircraft with a high security coefficient or a large number of aircraft protected with a lesser security coefficient.

[Question] What does the Spanish Air Force think the EFA [European Fighter Aircraft] will be or should be?

[Answer] We share the view of the air forces of the respective European countries which are interested in the project. The EFA seeks to meet operational needs, with emphasis on its capacity as a vector of air superiority.

The requirements that have been established should make possible a high index of operational availability, simplified and modular maintenance, a high degree of equipment reliability, and a desirably low cost of production.

[Question] In case that aircraft becomes a reality and since the EF-18's are going to replace the F-4C's, would the EFA replace the Mirage III's and the Mirage F-1's?

[Answer] You might reasonably consider the possibility that the aircraft coming out of the EFA project would replace the Mirage F-1's at the end of the 1990's.

Regarding the Mirage III's, the acquisition of the F-18A's will make it impossible to maintain both weapons systems, given the limits of human, financial, and other resources available to the Air Force to operate the two aircraft simultaneously. As a result, possibly at the beginning of 1987, the Mirage III's will be withdrawn from service.

[Question] How and with what equipment are you going to modernize the air to air armament of the Mirage F-1's? Would it be possible for INTA [National Institute for Aerospace Research] to adapt SPARROW missiles to those aircraft?

[Answer] At present it is not necessary to carry out any modernization of the F-1's in their operational configuration for air to air combat, since they have the necessary modules in sufficient number for the anticipated operational needs of this weapon system.

[Question] Following up on the theme of modernization, what will be the next modernization program undertaken for the Major Hostilities maneuvers and when will the system be totally automatic?

[Answer] The Major Hostilities III Program will be undertaken slowly due to the present shortage of funds for it under the overall budget.

axis but rather should focus on scenarios in the Western Mediterranean and the Atlantic Ocean which include the various island areas.

Nevertheless, the area where, on a priority basis, control of the air and consequently control of the sea are of the greatest importance is clearly the approaches to the Straits of Gibraltar.

[Question] Although the aircraft is still in the United States, the Spanish Air Force has taken delivery on the first EF-18. This begins the final phase of the Future Combat and Attack Aircraft Program (FACA). In a certain sense, this closes a stage in the procurement of aircraft. In this context, where are you going to direct your efforts and resources now?

[Answer] Specifically, I consider the following programs are very important: the future European Combat Aircraft; the future Spanish ground support aircraft, the AX; and, naturally, everything related to electronic warfare and the air defense of the air bases.

[Question] Now that we are speaking of the F-18, are your going to standardize Spanish air and surface armament in this aircraft?

[Answer] Yes, we will standardize it. In fact, we are standardizing different types of Spanish air and surface armament for the F-18A, in accordance with the concept of the FACA program, which was based on the policy of purchasing abroad only what cannot be produced by our domestic industry.

[Question] The McDonnell Douglas Company continued to hold open until the end of April 1986 the same conditions for the purchase of 12 additional EF-18's, although it appears that the Ministry of Defense has already given up that option. What is the present Spanish position? What budget possibilities are there for acquiring more aircraft to cover losses by attrition, bearing in mind in particular the reduction in the price of these aircraft?

[Answer] It is not up to the Spanish Air Force to define this position. It is for us to identify and set forth the needs of the Air Force as a function of specific, strategic objectives. It is up to the political level of our government to meet these needs, in accordance with the economic capacities of the nation.

[Question] Can you confirm the deployment of the EF-18 aircraft on the basis of two squadrons each at the air bases at Torrejon and Zaragoza?

[Answer] This is being considered, although the Air Force is also considering the partial redeployment of all units of the Air Force to other, secondary air bases, in accordance with operational needs, which the strategic or tactical situation of the moment would make it advisable to adopt.

[Question] There are also plans to build aircraft shelters at those two bases, like those at Albacete. How and when are you going to resolve the problem of the doors of these shelters?

The modernization program for the Major Hostilities IV maneuver in the Canary Islands has already been begun, under the ALERCAN project.

Regarding the automated characterists of the SADA project, I should clarify one point. It is not planned that the system will be automatic, nor will there be any operational limit. The concept of a semi-automatic system, and perhaps the term is not the most appropriate to use, expresses the characteristics of the system, under which its operation involves the use of control personnel under certain circumstances.

[Question] My prior question was related to the following. A country like Spain cannot depend solely on a fixed system of alert and control. A system like AWACS is needed. What financial resources do you have to obtain such a system and what kinds of aircraft are under consideration as future vehicles for an AWACS system? What are the possibilities for a Spanish aircraft for this system?

[Answer] At present there are no budgetary funds available for this program. We are studying various alternatives to select the best platform for a future Spanish Air Force AWACS system which will meet out air defense needs and, as a secondary mission, the detection of maritime traffic in areas of national interest.

[Question] I have a similar question regarding maritime air patrols. Are you thinking of undertaking this kind of activity? Is it likely that budgetary funds earmarked for it will be transferred to the AWACS program? What about the CN-235 aircraft in an anti-submarine warfare version?

[Answer] We are developing a program for the modernization of our present maritime patrol aircraft, which will be provided with sensors and modern systems to augment the operational capacities of our anti-submarine unit. In the future we will study the possibilities of the CN-235 as an anti-submarine warfare aircraft.

[Question] I would like to refer to future aircraft. What is the status of the AX program? Will it be available in 5/6 years to replace the F-5's?

[Answer] The AX program is still in its initial concept phase, during which we will seek to define its technical specifications, using as a basis the most desirable concepts of operation and maintenance relating to the theoretical, future situation under which its entry into service may be anticipated.

It is believed that the AX project will be a reality when there is a need to phase out the F-5 weapons system.

[Question] What is the future of the Jet School at Talavera la Real when the F-5B reaches the end of its useful life? Meanwhile, won't there be a large technological leap between this aircraft and the FACA?

[Answer] I have a well-founded hope that a two-place version of the Spanish AX aircraft will satisfactorily resolve the need to replace the F-5's in the future.

The technological leap involved in procuring a new aircraft is always an important challenge to overcome, but it has never been an insoluble problem for the Air Force.

[Question] Another question in the field of training. Will the PILLAN/TAMIZ aircraft, in addition to the T-34's from the General Air Academy (AGA), replace the BUCKER's in Wing 78?

[Answer] In effect, the future TAMIZ aircraft will be a selective, light aircraft for basic flight training and will replace the present T-34's. The BUCKER's have now been withdrawn from service.

[Question] Another Air Force program is the Future Medium Air Transport Aircraft (FATAM). Could you tell us the status of this program, in terms of replacing the CARIBOU aircraft?

[Answer] This is a necessary program for the Air Force. However, at present there is no budget allocation for it. The Future Medium Air Transport Aircraft will replace the CARIBOU, filling the existing gap between the HERCULES and the AVIOCAR. It is possible that the ultimate choice will be the CN-235.

[Question] In the program for the purchase of the two Boeing 707-T tankers, has consideration been given to providing them with different engines?

[Answer] There are no plans for this. Replacing the engines of these aircraft would cost a great deal, without sufficient operational justification.

[Question] What projects are under way regarding Air Force personnel and organization? Is its present structure considered fully valid and adequate?

[Answer] At present the Air Force is waiting for the publication of a Royal Decree on Personnel Distribution, which was contemplated in the Law on Military Establishments. The decree will affect the distribution of personnel by service arm and unit and by position.

This personnel level, which has been reduced by 8 percent, overall, will require restructuring the Air Force by grouping functions in order to reduce the number of positions. On the one hand, this restructuring will absorb the reduction in personnel. On the other hand, it will make it possible to handle the establishment of new units which we need, due to the various Air Force modernization programs.

Our present organizational structure dates from 1978 and, because of its relatively recent adoption and its structural criteria, it is completely valid and adequate. Its functional and dynamic character provides it with the necessary flexibility to adjust the Air Force to the changes which continuing technological advances make necessary.

[Question] Is it feasible that in the more or less near future the Air Force will have its own anti-aircraft organization for the defense of its bases and installations, like those which exist in other air forces?

[Answer] The Air Force is responsible for the air defense of our country and of the areas of vital interest for our national defense, because this is contained in the mission which only the Air Force has been specifically assigned to carry out by law.

This mission is specific in character, and it is up to the Air Force to carry it out against any air threat, using appropriate means to deal with it. Among these means are anti-aircraft artillery (AAA) and Surface to Air Missiles (SAM).

The Air Force must carry out this mission with what it has been provided in the way of anti-aircraft weapons. While this is being done, the Air Force can agree to have weapons from other military services assigned to the Air Force to carry out its mission.

In this way Army anti-aircraft units of the Army could come operationally under MACOM and other Air Force commands, as if they were units of the Air Forces, organically included in the defensive air units or depending directly on them, according to the situation and the mission involved.

[Question] Some years ago there was an air acrobatics team in Spain. This kind of formation, in addition to presenting an "attractive and spectacular face" for the Air Force, is a sign of its state of training and an opportunity to promote the aircraft which it has. Have you thought of establishing a new air acrobatics team, using the C-101, to which the CASA Company could contribute financially, given the support which such a unit would provide for the aircraft it manufactures?

[Answer] In Spain air acrobatics teams are not set up specifically for this mission. However, pilots and aircraft of certain units have been assigned to this mission.

At present there is a unit of Mirage F-1's, but two other groups have been set up specifically because they use C-101, Spanish-made aircraft. They are located at Zaragoza and at the General Air Academy. They will even participate in international exhibitions, such as COSMO 86.

[Question] Finally, would you like to say something else about the Spanish Air Force?

[Answer] Yes, I would like to say that the Air Force is a fundamental part of our national defense. Its multiple capabilities as a major participant in our air defense, as an offensive, strategic vector of air power, and as an armed force operating in support of the other elements of the armed forces make it a fundamental bastion of national security, an element of deterrence, and a decisive factor in case of war. You can understand that, as in the case of the rest of our neighbors, Air Force budgetary allocations should be higher than--or at least equal to--those of the other elements of the armed forces of our nation. This is an aspiration which goes back for more than 30 years, during which the proportion of the budget earmarked for the Air Force, as a matter of military logic, has simply been ludicrous.

Since 1983 the correct philosophy of budgeting by program has been adopted, which has corrected past errors in large part, but we continue to fall short of achieving the essential proportion of the defense budget which, at least, should be equal to the other armed forces.

Proposed Personnel Ceilings in the Draft Law on Air Force Personnel Structure Approved by the Cabinet

Positions	Personnel As of 9/1/85	Draft Law	Reduction	Percentage
Lieutenant General	12	5	7	58.3
Major General	23	19	4	17.4
Brigadier General	39	37	2	5.1
Colonel	334	248	86	25.7
Lieutenant Colonel	468	451	17	3.6
Major	756	733	23	3.0
Captain	1,396	1,378	18	1.3
Lieutenant	1,630	1,459	171	10.5
Ensign	36	35	1	2.8
Brigade Warrant Officer	3,954	3,639	315	8.0
Sergeant First Class, Sergeant	4,517	4,107	410	9.1
TOTALS	13,165	12,111	1,054	8.0

5170
CSO: 3548/70

PAPER: ARMED FORCES COMMANDER UNLIKELY TO GET DESIRED FUNDS

Stockholm DAGENS NYHETER in Swedish 27 Jun 86 p 2

[Editorial: "The OB's Impossible Percentage"]

[Text] In his program plan submitted to the government yesterday, the OB [supreme commander of the Armed Forces] is sticking to his demand for an annual 3-percent increase in the defense appropriation. The appropriation levels which the party representatives on the Defense Committee had asked the OB to use as his starting points in work on the program plan are dismissed without exception as being inadequate.

That is a very familiar tune, and it does not provide the defense politicians with much guidance. None of the political parties, not even the Conservatives, can be expected to support the OB's appropriation request. All of them are compelled to weigh the needs of the Armed Forces against those of other sectors of society--and, moreover, to come up with responsible financing for any possible increases in appropriations.

The OB must be aware that a great deal of fact-finding work has been done without any of the resulting proposals having any real chance of being implemented during the coming 5-year period. But presumably it was felt that leaving anything out would reduce the credibility of his earlier requests. Moreover, the spokesmen for the various branches of the Armed Forces probably found it difficult to agree on what could be spared from the OB's earlier proposals.

But the OB can scarcely be expecting to get the additional squadron of Viggen fighter planes, which can only be fitted into the highest appropriation level; nor can he really be thinking that it will be possible at the same time to procure more submarines, surface attack vessels, and coastal missiles in the early 1990's. Mechanization of the Army can be started with even lower appropriations than those requested by the OB, but the pace of modernization will necessarily be slower as a result.

It is difficult, however, to give up the suspicion that the Armed Forces could achieve more effect per krona invested. The OB himself gives examples of how effectiveness could be improved--one such example being a new training system in the Navy with more basic training and fewer large-scale refresher courses. In the Army, higher requirements must be placed on both basic training and refresher training. It is therefore regrettable--if not surprising--that the OB is rejecting the possibility of eliminating peacetime units to free up funds for improving the wartime organization: the Army commander in chief's intense opposition to structural changes is well documented.

For Lennart Ljung, the program plan constitutes a finale to 8 years of service as OB. It is understandable that he has not been willing in this final stage to risk conflict with the heads of the armed services. But a greater will to set priorities and achieve modernization must be demanded of his successor as OB, Bengt Gustafsson.

11798
CSO: 3650/259

COMMANDER OF COASTAL FLEET: 'ALMOST IMPOSSIBLE' TO CATCH SUB

Stockholm SVENSKA DAGBLADET in Swedish 19 Jun 86 p 7

[Article by Roger Magnergard]

[Text] Stockholm's Southern Archipelago--The intruding submarines do not feel threatened by the Swedish Navy's countermeasures, and the fact is that we would have to be almost incredibly lucky today to carry out a submarine chase successfully.

That statement probably brings tears to the eyes of those who have been expecting results from the Navy since the two new coastal corvettes went into service. But the man behind the statement, Rear Admiral Claes Tornberg, is commander of the Coastal Fleet, and he is summing up several years of fruitless antisubmarine operations.

Tornberg says: "Today we have no reasonable possibility of succeeding in a submarine chase. We are somewhat below the required level. But with a good deal of luck, we have a chance."

"Not yet a Threat"

The intruding power must always calculate the risks it must take by operating in our waters. And so far, those risks have not been considered too great.

"The intruder does not yet view us as a threat," says Tornberg. "That is why he can continue."

The Navy was hunting an intruder--probably a minisubmarine--in Stockholm's northern archipelago just under 2 weeks ago. Despite massive armed action involving at least 36 Elma mortars and 8 depth charges, the hunt was without result.

Tornberg resolutely refuses to comment on what happened there "pending the quarterly report by the OB [supreme commander of the Armed Forces], which will be out in a couple of weeks."

Exercise

SVENSKA DAGBLADET has learned that the report will say that the intrusions "have probably continued." The basis for that statement is the hunt in the northern archipelago and two other incidents.

On Wednesday, the Navy conducted an antisubmarine exercise both inside and beyond the skerries in Stockholm's southern archipelago. Somewhere in the nearly 60-meter-deep Gasstens Bay west of Stabbo, the Swedish submarine "Sjoormen" lay pressed against the bottom.

After searching for about an hour, a helicopter made sonar contact with something that could have been a submarine. Mine clearance vessels were sent to the area over the spot, and using their bottom-searching sonars, they were able to determine that it was indeed a submarine.

Sub "Hit"

A patrol boat headed toward the Swedish submarine and dropped a simulated charge.

One minute later, a large cloud of smoke was seen on the surface of the water.

"A hit," said one of the ship commanders. The submarine had been instructed to send up a smoke flare if the detonation was close enough.

The antisubmarine force is made up of a number of components. In order to determine with certainty that a suspicious echo from the bottom is coming from a submarine, the mine clearance vessels, for example, must be within 10 minutes' traveling time from the contact. Otherwise, there is a big possibility that the underwater vessel will disappear--without leaving a trace.

Beyond the skerries, the coastal corvettes dropped their towed sonars in the calm summer sea. For more than an hour, the water was thoroughly searched in the hunt for the "Sjoormen." The sonar operators on the "Stockholm" were not able to make contact with the Swedish submarine even though its course had been known in advance.

Layers of Water

Tornberg says: "Summer is the worst season for antisubmarine operations. The water is separated into different temperature layers, and sound waves bounce off of them. A submarine can play hide-and-seek with the Navy in those layers."

In September of last year, the Hars Bay incident was repeated, the difference being that this time a Swedish submarine was playing the part of the intruder.

The Swedish boat managed to slip past Malsten unnoticed. But when it came up to periscope depth to enter Hars Bay, it was discovered.

A force of three patrol boats, two helicopters, and two minesweepers was sent out to search for the Swedish submarine, but was unable to pin it down.

When the exercise was suspended, the submarine surfaced and passed by the pier at the Berga Naval Training Center. The antisubmarine force was looking for it near Musk Island at the time.

During another exercise, the coastal corvettes were able to maintain contact with a Swedish submarine for 5 hours. That is the best result in modern times.

"Two Half Forces"

Tornberg points out: "The intruder has been forced to change his tactics as we have become better. We have been forcing him to stay underwater for longer and longer periods."

The first complete antisubmarine force will be ready in 1990. But it is wrong to call it one antisubmarine force, according to Tornberg.

"We are getting two half forces," he says. "Half the personnel must be off duty, of course, while the other half is working. No one can work continually."

That is why Tornberg and his colleagues in the Navy are eagerly awaiting the 1987 defense decision. That is when the politicians will decide whether it is time to invest in another antisubmarine force.

"With two forces, we would have a reasonable chance of keeping things in order at least in one area," says Tornberg in conclusion.

11798
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CHERNOBYL ACCIDENT FORCING GOVERNMENT TO RESTUDY POWER PROGRAM

Helsinki UUSI SUOMI in Finnish 16 Jun 86 p 15

[Article by Riitta Hilden: "Coal and Peat Instead of Nuclear Power"]

[Text] We did, indeed, have an energy spring.

In April we were awaiting a policy decision on the future construction of nuclear power plants before the commencement of summer vacations. It was believed that Perusvoima's application for a license for a fifth nuclear power plant would receive the support of the majority in the government.

Now within a few weeks the government will receive an electric power management plan revised for the 1990s, in which there is no longer any talk about the urgent need for a nuclear power plant decision.

A large coal-fired condensing power plant is now being considered in place of a fifth nuclear power plant. But nuclear power has not been completely forgotten.

The basis of the electric power management plan and the growth predictions for the consumption of electricity have not in themselves actually changed during the spring. Even though the price of oil has continued to drop and the consumer prices of fuel oils have declined, there is no reason to to make any major changes in the estimated demand for electricity.

Imatran Voima [Imatra Power], Neste, and the Ministry of Trade and Industry are unanimous in the thinking that oil heating will not immediately overrun the rapidly growing shares of electricity in spite of its present definite advantage.

The price of oil has fluctuated so radically in the last decade that there is no one who would be enthusiastic about jumping on the bandwagon at this time.

The consumption of electricity fell off by nearly 3 percent in Finland in the first quarter of this year in comparison with the same period last year. This does not confirm anything. Last winter was clearly more mild than the preceding winter. Industry's overwhelmingly largest consumer of electricity, the forest industry has, for its part, accelerated its production again after some initial difficulties in the first few months of this year.

Thus the Ministry of Trade and Industry has, in fact, got off quite easy in the adjustment of its electric power management plan. The table below indicates that the greatest changes will be the construction of a 500-megawatt coal-fired power plant instead of a nuclear power plant, the doubling of peat condensing power, and an increase in heat-generated power.

Planning Permit for Coal-Fired Power Plant

A decision on a coal-fired power plant is expected at Imatran Voima sometime this year. A similar schedule has been outlined at the ministry.

A decision will make it possible to place a new large power plant into operation already at the beginning of the next decade. A coal-fired power plant can be constructed in nearly half the time that it takes to build a nuclear power plant.

Also one large coal-fired power plant will be accepted politically in the current nuclear power atmosphere, but there will be a debate on any more such large power plants.

Information Chief Jussi Yli-Lahti of the Center Party points out that the energy policy line of the Center Party emphasizes a dispersed production of electricity and energy conservation. In party circles the attitude toward all large power plants is rather unfavorable. The party officially tightened its nuclear power stand at a meeting over the weekend.

Trade and Industry Minister Seppo Lindblom (Social Democrat), for his part, points out that the construction of peat and thermal power and the production of electricity have their limits, "only coal can be extensively manipulated" if nuclear power is not permitted. However, no one really likes large coal-fired power plants either.

Thermal Power To Be Increased

The ministry will increase the output of electricity produced in thermal power plants, but the Center Party's upper limit for heat-generated power, 2,000 megawatts, is clearly considered to be overestimated.

Since the ministry's previous report, new thermal power plant decisions include the most recent decisions in Helsinki and the Seinajoki power plant, among others. In the aftermath of the fire at the coal-fired power plant even Helsinki made a decision to build either three natural gas power plants with an output of approximately 45 megawatts each or a combination natural gas power plant with an output of 150--200 megawatts of electricity. By the end of this century Helsinki will build large heating plants which will have a total electric output of approximately 400--600 megawatts.

A 60--70-megawatt condensing unit will be added to the tail of Seinajoki's 120-megawatt heating plant, all to be fired with peat. This condensing tail will thus increase the production of electricity from what could be achieved in a combined electricity and thermal production facility. In it the production of electricity is limited according to the necessary heating load.

It has also been decided in the Ministry of Trade and Industry to assist the heating plant in Kajaani, which has a capacity of approximately 60 megawatts of electricity.

Pudasjarvi Will Obtain A Power Plant

Another change of significance in principle in the ministry's plans is the doubling of peat condensing power.

In practice it will mean a peat-fired condensing power plant for Pudasjarvi to be built by Pohjolan Voima [Pohjola Power] and a power plant for Haapavesi to be built by Imatran Voima.

Pudasjarvi's power plant will require -- and will obtain -- a revision to the legislation presently before parliament for the protection of rapids. Pohjolan Voima will build a peat-fired condensing power plant only if it can construct a man-made basin in Kollaja for the purpose of increasing the capacity of its power plants in lower reaches of the Ii River in the next decade. The portion of the Ii River connected to Kollaja is now on the list for the protection of rapids.

The Pudasjarvi/Kollaja project has been under the special patronage of the Center Party since according to estimates during the construction period it would provide approximately 600 temporary and 400 permanent jobs in the Pudasjarvi area, which is experiencing a serious unemployment problem.

Experiments First

Indeed, there is a total of four peat-fired condensing power plants on the Center Party's own energy list. Even before the Kollaja compromise, Pohjolan Voima was planning to switch the old power plant in Kristiina over to peat.

Imatran Voima is also probably considering another location even though it is estimated in the company that a large peat-fired condensing power plant will require so much peat and water in the immediate vicinity that there are extremely few suitable locations.

Taisto Turunen, the energy director of the Ministry of Trade and Industry, will promote the goals of peat-fired condensing plants "until we have been able to obtain the results of the first experiments on large peat-fired condensing power plants".

Nuclear Power Will Remain on the List

In the ministry's previous electric power management report the large power plant on the list before the turn of the next century will continue to mean nuclear or some other form by the heading in the report. Perusvoima's application for a license is still on file in the ministry. We are now awaiting reports on the causes of the accident at Chernobyl and on the incident itself.

And, even otherwise, there is no longer any hurry with a possible new nuclear power plant decision.

"Indeed, nuclear power will continue to be one essential energy production alternative under Finland's conditions," stated Managing Director Anders Palmgren of Perusvoima in carefully choosing his words.

"Energy policy is in any event a part of politics, and we do not act in this area nor do we even hold a party congress."

Who Is Most Radically Opposed

Minister Lindblom, for his part, does not see an energy policy debate:

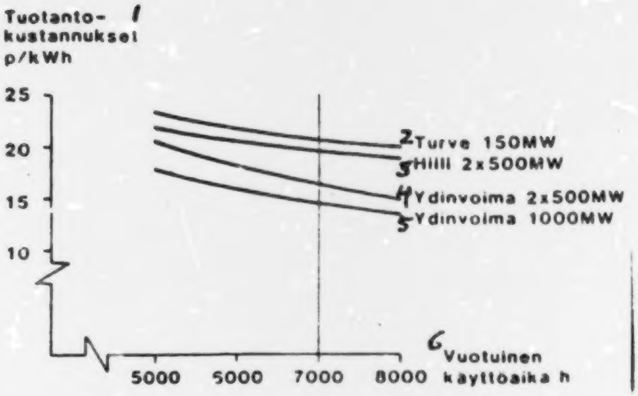
"Indeed, one could assume such a debate from the politicians. This present exchange of words is a political race for determining who dares to take the most radical stand against nuclear power, and not an energy policy debate."

What would be most unfortunate in Lindblom's opinion is that we would now begin to consider a decision to cease the construction of nuclear power in its entirety.

Such a decision was made in Sweden by a referendum a few years back. When that country's production from present nuclear power plants ceases completely around the year 2010, Sweden will have to compensate for approximately half of the capacity of its total production of electricity. The job accomplished so far indicates that Sweden, which is accustomed to cheap hydro and nuclear power, will have to learn to pay much more than presently for its electricity if the decision to cease the production of nuclear energy remains in effect.

Increase in Procurement Capacity of Electricity
Until the Year 2000

Before Chernobyl:	Now:
additional need approximately 2,700 Megawatts	generally same as before
Priority construction:	
hydropower 150 MW	possible small increase
power from industry 200 MW	same as before
heat-generated power 900 MW	approximately 1000 MW
Separate procurement capacity	
peat condensing power 100--150	200--300 MW
nuclear power 500 MW	coal 500 MW
coal 250 MW	?
increased imported power 300--500 MW	same as before
nuclear power/other 500 MW	same as before



Key:

1. Production costs pennies/kWh
2. Peat 150MW
3. Coal 2 x 500MW
4. Nuclear power 2 x 500MW
5. Nuclear power 1000MW
6. Annual use time

The above production cost estimate for large power plants does not take Chernobyl or the energy tax reform into account. Inasmuch as both have an effect as is now being estimated, the production cost curves for nuclear power are a shade higher, coal drops off a little, and the expenditure level of peat falls nearly to the level of coal. The commercially most advantageous cost level of heat-generated power corresponds to the production costs of nuclear power, and the change in the energy tax will place additional thermal power into the economically advantageous group.

10576
CSO: 3617/132

GOVERNMENT PERSEVERES WITH NUCLEAR ENERGY DESPITE CHERNOBYL

Helsinki HUFVUDSTADSBLADET in Swedish 19 Jun 86 p 10

[Article by J.-A.E.]

[Excerpts] Parliament settled yesterday on the content of several basic bills that will come up for their third and final reading on Tuesday of next week, just before the elected representatives begin their summer vacation. The legal texts that were adopted include the energy tax reform, a number of agricultural bills, and the new Nuclear Energy Law.

Nuclear Energy Law

Among the bills whose sections have been put into final form is the proposed Nuclear Energy Law, which had been held up in the Committee on Appropriations as a result of the accident in Chernobyl. The bill was voted on a great number of times, but all proposed amendments were rejected.

The Chernobyl accident centered new attention particularly on section 6 of the bill, which states that "the use of nuclear energy shall be safe and must not cause harm to people, the environment, or property." According to the explanatory statement accompanying the bill, that provision means that the risk shall be as slight as possible. Risks cannot be eliminated entirely, but occurrence of the effects banned by the law can be prevented through adequate measures for protection and safety.

Both the Committee on Appropriations and Parliament as a whole--or almost--came to the conclusion that the matter should be viewed in precisely that way. Demanding 100-percent safety is the same as saying that nuclear energy cannot be used at all, since as we all know, risk is associated with all human activity.

That being the case, only one vote was taken on section 6 during its second reading in Parliament. It was Ville Komsi of the Greens who submitted a wordy and hard-to-understand amendment. It received only four votes.

Among other things, the draft law regulates the decisionmaking process in connection with construction of any new nuclear powerplants. If construction of a new plant is proposed, the government must first adopt a decision in principle, and that decision must then be submitted to Parliament for approval or rejection.

On that point, both Henrik Westerlund of the SFP [Swedish People's Party] and representatives of the Finnish People's Democratic League/Communists proposed, in slightly different terms, that the requirement for a decision in principle be replaced by the requirement that any decision to build a new nuclear powerplant be submitted to Parliament in the form of a bill. Westerlund's proposal lost to the proposal by the People's Democratic League by a vote of 52 to 76, and then the latter proposal also lost by a vote of 109 to 29.

Broad Study of Risks

Also participating in the debate was Minister of Trade and Industry Seppo Lindblom, who once again warned against making rash decisions on energy policy that would completely rule out specific alternatives--nuclear energy, for example. The future may bring new information concerning the environmental consequences and economic advantages of the various energy alternatives, and there is therefore reason to adopt an all-around energy policy.

If nuclear energy is completely ruled out now, we will, in effect, be tying ourselves down for a long time to energy from coal, and no major political consideration has yet been given to the risks involved in that energy source.

Lindblom also announced that the Ministry of Trade and Industry plans to appoint a committee to investigate the safety risks of the various energy alternatives. In particular, obviously, the committee will look into the safety measures that should be adopted to make it possible to permit the expansion of nuclear energy or continued operation of the existing nuclear powerplants. It appeared that Lindblom was not ruling out a possible conclusion by the committee that safety considerations prevent further expansion of nuclear energy or even perhaps that they require demolition of the nuclear powerplants that already exist.

11798
CSO: 3650/260

STUDY EXAMINES ECONOMIC COSTS OF CONVERTING FROM NUCLEAR POWER

Helsinki HELSINGIN SANOMAT in Finnish 26 Jun 86 p 24

[Article: "A Finland Without Nuclear Power Will Pay 2 Billion Annually"]

[Text] The Economic Planning Center, Tasku, has estimated the cost of giving up nuclear energy. According to Tasku, replacing nuclear power with coal power would cost 2.1 billion annually. If individual consumers are made to pay the bill, as the study proposes, a more than 400-markka annual increase would be added to the electric bill of the average consumer.

The study of the Economic Planning Center is based on a model in which nuclear power will be abandoned by the end of 1990. For the purpose of comparison the study presents an alternative in which Lovisa's and Olkiluoto's nuclear power plants are naturally dismantled after 30 years of use in 2005 at the latest.

The Economic Planning Center calculates 2.1 billion annually as the difference between the alternatives. In the whole period from 1991 to 2005 the non-nuclear power alternative would cost 18 billion in present markkaa with a real interest rate of 5 percent.

The abandonment of nuclear power would cost approximately as much as the state spent on institutions of higher education last year.

Clean Coal Power In Place of Nuclear Power

In the study nuclear power plants will be replaced with coal-fired condensing power plants equipped with desulfurating units.

The annual production of electricity by nuclear power in Finland is 2,300 megawatts. The cost of its production is 16 pennies per kilowatt hour and its operating cost is 7 pennies per kilowatt hour. The production costs of a coal power plant which filters out sulfur are 20 pennies, capital expenditures are 5 pennies, and operational costs are 15 pennies per kilowatt hour.

With two additions and one deduction the result is that clean coal power is 13 pennies more expensive per kilowatt hour than nuclear power.

According to the Economic Planning Center, national economic costs would remain less if the increase in the cost of electricity were paid by individual consumers and not industry.

During the construction phase of coal-fired power plants in 1987--1990 the additional cost to the consumer would be 25 pennies and in the years 1991-2005 it would be 15 pennies per kilowatt hour.

Divided equally among 5 million Finns the rejection of nuclear power would cost approximately 400 markkaa annually or 6,000 markkaa in 15 years, a Finn's average monthly wage.

However, since one pays for electricity according to consumption, the bill would be divided unequally. The average apartment resident would pay 500 markkaa annually for 3 years and then 300 markkaa annually while the average home owner would initially have to pay 1,250 markkaa annually and then 750 markkaa.

The study expresses doubts about the people's willingness to pay this bill and the readiness of MP's to send it. In reforming the energy tax it was noted that raising the price of electricity 2--4 pennies was found to be quite difficult. In addition, it is emphasized that the additional security brought by the additional cost from coal power cannot be precisely estimated, especially since coal power is not without risks.

Energy Policy Association's Calculation Half As Much

In the preface to the Economic Planning Center's study it is mentioned that the national economic costs of giving up nuclear power have not been calculated in Finland before. However, a study which the Energy Policy Association, Evy, hired Joensuu University Researcher Henrik Hausen to do was published 2 weeks ago.

Evy's study comes up with clearly lower figures than that of the Economic Planning Center. In it it is estimated that the abandonment of nuclear power will cost 1.2 billion in the first year and less in subsequent years.

The Energy Policy Association's model is based on the fact that compensation for nuclear power will be in the form of conservation, the more efficient operation of existing power plants, and the use of peat and natural gas.

Olli Tammilehto of the Energy Policy Association does not question the figures of the Economic Planning Center, but is amazed at the criteria of the calculations:

"In the Economic Planning Center's study they have proceeded from the most simple model in which nuclear power plants will be replaced by coal-fired power plants. It does not consider any other alternatives: conservation or other forms of energy. Moreover, it is doubtful that nuclear power plants will last until the year 2005 and there will be costly shut-downs. And if radiation shields, which are required for nuclear power, are included in the cost, the whole bottom falls out of the calculation."

10576
CSO: 3617/133

CHEAP OIL CAN REPLACE COAL IN ELECTRICITY GENERATING

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 86 p 25

[Text] The drop in world market oil prices to less than $10 has made oil cheaper than coal in the generation of electricity. If the price level remains low, we may expect competition in the prices of coal and oil.

Given current world market oil prices, consumer prices will probably also drop by August at the latest.

The July-August consignments of North Sea oil from Brent dropped to less than $10 a barrel on Thursday for the first time since early April. Brent oil was selling for $9.85 on Tuesday. In addition to Brent, the basic grades of OPEC oil were quoted at less than $10. The oil grades in question are the most important yardsticks in pricing oil to be imported from the Soviet Union into Finland.

Finland pays about $12 a barrel for Soviet oil. The price dropped last in June by $1.50. It has been agreed on between the two countries that "the price will be reviewed as necessary."

According to Neste [state oil company] assistant general manager Kai Hietarinen, a request for negotiations has not yet been sent to the Soviet Union, but it will be in a few days if the world market price becomes stabilized at the present level.

Drop in Consumer Prices in August

The June reduction in import prices was not passed on to consumers because the U.S. dollar was once more rising in value. The current consumer prices have been in effect since May when they were fixed at $13 for oil and 5 markkas for the dollar. If oil in future costs $10 or less and the dollar stays at the 5-markka level, the reduction cannot be passed on to consumers. This too is what the head of the Ministry of Trade and Industry, Seppo Rautio, has promised us.

The sales tax on energy, which will raise taxes on oil products as of the beginning of August, will lessen the pressure for lowering prices. We were, to be sure, prepared for the energy tax even before the last drop in oil prices.

When import prices dropped in April, the government cut the 170-million-markka subsidy to compensate for a later rise in consumer prices.

Minister of Trade and Industry bureau chief Tuomas Hauho expects consumer prices to drop "in August at the earliest."

Price War Between Oil and Coal

The drop in oil prices may touch off a price war between oil and coal — a situation that was believed to be ultimately impossible when oil suddenly got expensive in the early 1970's.

The drop in price to below $10 makes heavy fuel oil a more economical raw material than coal for electric power plants.

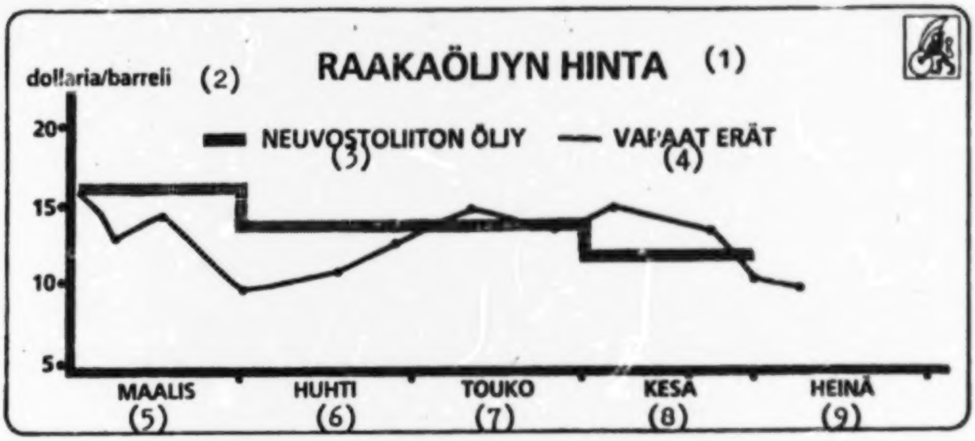
Almost all Finnish power plants participate in a joint use system. By agreement electricity must be imported in the cheapest possible way. Therefore, a drop in the price of oil to one below that of coal would trigger an automatic process that would bring oil to the power plants.

Engineer Tero Makela of the Heating Plant Association said that they have been closely following the decline in the price of oil in the association. Even at the current price of $12, oil would be more economical in many small localities, but long-term contracts and employment considerations have prevented them from switching to it.

According to Makela, switching to it is in itself "no problem or anything like that." In many plants there is provision for the ability to burn oil, by means of which they would get even more power with oil than they do from the fuels currently in use.

"It does not, however, pay to switch to oil for a few days or weeks, but, if oil is cheaper than coal for several months, then it's a different story," Makela said.

Maatran Voima's [Imatra Power Company] power economy bureau chief Heikki Heikkila does not believe that oil will surpass coal as a producer of heating. "Electricity consumption is now at its lowest point in the year, at which point nuclear power, water power and imports are sufficient for production. If oil continues to be cheap until the fall, coal will break loose before then. The Poles and Colombians will not readily give up their positions."



Key:

1. Price of crude oil.
2. Dollars per barrel.
3. Soviet oil.
4. Free consignments.
5. March.
6. April.
7. May.
8. June.
9. July.

11,466
CSO: 3617/138

NUCLEAR POWER NOW PRIMARY ELECTRICITY SOURCE

Barcelona LA VANGUARDIA in Spanish 24 Jun 86 p 57

[Article by Primo Gonzalez]

[Text] In May 1986 nuclear power became the principal source used to generate Spain's electricity, after the start in service of the newest nuclear power plants. In May nuclear electricity provided almost 39 percent of all the electricity produced in Spain. This percentage increased during the first 2 weeks of June. Particularly in the second week, production of nuclear electricity in Spain exceeded 40 percent of all the electricity generated by the electrical sector.

Last year, nuclear plants accounted for 22.6 percent of Spain's electricity production, while hydroelectric power provided 26 percent and thermal plants accounted for just about 52 percent.

This year, on the contrary, hydroelectric power has shown a marked decline, even though the status of Spain's reservoirs is not bad. At the end of May, Spain's reservoirs held 59 percent of their capacity, somewhat under their level a year earlier, which was 62 percent. In May the level of reserves increased slightly, for in April they had been at 56 percent of their total capacity.

Still, the start in service of two new nuclear electricity generating units in recent months, plus the fact that nuclear plants are operated as baseline plants (this means that they are given preference over other electricity generating facilities, for in the others, variable costs have a greater weight than fixed costs), has stimulated Spain's nuclear production. For the first time in the history of electricity in Spain, nuclear power is topping the figures for hydroelectric production.

During the first 5.5 months of 1986 (from 1 January until 15 June), Spanish nuclear production rose by 26 percent, while power of hydroelectric origin declined 26.5 percent, and thermal power rose by 16.5 percent.

In terms of electricity of thermal origin, despite the drop in petroleum prices, which might tend to promote the use of fuel oil for producing electricity, once again the most widely used fuel this year was coal. During the first 5 months of the year, Spain's thermal power plants consumed 24.6 percent more coal than during the same period of 1985. This amounted to more than 13.4 million tons of coal, primarily lignite.

Once again the share of fuel oil in electricity production has declined.

7679
CSO: 3548/67

DECREASE IN PETROLEUM CONSUMPTION REPORTED FOR 1985

Madrid DIARIO 16 in Spanish 15 Jun 86 p 21

[Article by Tania Juanes]

[Text] Spain's reliance on oil in relation to its total consumption of primary energy declined quantitatively by almost 3 percent in 1985 from 1984, according to data provided by the ministry of industry. Nonetheless, based on the increase in the PIB [Gross Domestic Product], the improvement was actually over 5 points. In addition, final energy consumption per unit of PIB dropped by 2 points, increasing by that amount the energy efficiency of Spain's economy.

The percentage of petroleum consumption in the total primary energy consumption dropped by 2.3 percent in 1985 in relation to the previous year, going drom 55.5 to 53.2 percent, according to sources in the ministry of industry and energy. Quantitatively, the decline in petroleum consumption was 2.9 percent.

Last year's largest reduction came in generating electricity, down 33 percent in relation to the previous year. The process of replacing petroleum in Spanish thermal power plants has practically been completed by this time.

The industrial sector, which consumed 11.47 million TEP [Tons of Petroleum Equivalent], had a large decline in its crude consumption, dropping 3.4 percent in relation to 1984. In transportation, there was an 0.5 percent increase.

Final Consumption

The list reporting final consumption of petroleum products shows that there was a 10.9 percent reduction in kerosene, 17.1 percent in fuel oil, 24 percent in petroleum products used in fertilizers, and 41 percent in petroleum coke. There was an increase in automobile fuel consumption, up 5.3 percent for grades A and B gasolines.

Energy Consumption Structure (in percentages)

	1985	1984
Coal	25,6	24.5
Petroleum	53.2	55,5
Natural gas	3,0	2,6
Hydroelectric power	9,9	10.1
Nuclear power	8.4	7.0
Foreign trade balance in electricity (imports-exports)	- 0,1	0,3
Total	100,0	100,0

According to the ministry of industry's report, this industrial reduction in petroleum consumption had several causes. First of all, even though the industrial production index grew by 2 percent, production in a number of industrial subsectors stagnated, especially among the heaviest users of fuel oil, which registered growth of only 0,2 percent.

The sector agreements reached between the IDAE [Institute for Energy Diversification and Conservation] and businesses entailed investments that will yield annual savings of about 517 KTEP [Thousand Tons of Petroleum Equivalent].

In the structure of total primary energy consumption last year, along with the decline in the weight of petroleum, there was also a 1-point increase in coal, natural gas, and energy of nuclear origin, as well as a decline in hydroelectric power.

Moreover, final consumption showed zero growth in 1985, even though the National Energy Plan had predicted annual increases of 2,6 percent between 1982 and 1986.

Lesser Dependency on Petroleum

For primary demand, the report indicated that there was a 1,5 percent increase last year, less than the 2.6 percent forecast in the National Energy Plan for the 1982-1986 period.

According to the ministry of industry data, total petroleum consumption per unit of PIB dropped 5 points, when the decline in consumption is combined with the PIB increase.

The report notes that final energy consumption per unit of PIB was cut by 2 points, with demand remaining the same, while economic growth was over 2 percent. The point of emphasizing this ratio is that it shows that Spain's economy inproved its energy efficiency, one of Spain's top priorities for this area.

For the future, the objectives will remain: to substitute other energy sources for petroleum products in final demand, to promote conservation programs, and to maintain the PEN [National Energy Plan] goals in its next revision, despite the new price situation prevailing in international markets.

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19 AUGUST 1986

West Europe Report

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19 AUGUST 1986

WEST EUROPE REPORT

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PAPER DESCRIBES 'OPEN FIGHT' OVER CP ROLE IN WORLD PEACE CONGRESS

'Textbook Example' of CP Work

Copenhagen BERLINGSKE TIDENDE in Danish 22 Jun 86 Sec III p 3

[Commentary by Jorn Mikkelsen: "Conflict Over Peace"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Preparations for a big peace congress in Copenhagen are in full swing. Despite the peaceful intentions there is open warfare behind the scenes and accusations are flying. The Danish Communist Party is again playing a major role. A former Danish CP man who belonged to the party for 28 years talks about how the party gains control over arrangements of this kind.

There is something amiss with peace again. Once more things are not going at all peacefully. And once more the Danish Communist Party is playing a major role.

The reason for the current wrangling is the plan to hold a large-scale peace congress in Copenhagen based on the UN's International Peace Year. The congress, which will be held at Bella Center from 15 to 19 October, will officially be a broad forum for debate on peace and security, but in reality it will be solely a Danish CP undertaking in the view of broad groups of people. The congress will come up with onesided criticism of the United States and NATO while praising the latest Soviet arms control initiatives, they say. And what about Afghanistan?

The Social Democrats, Social Democratic Youth [DSU], the Joint Council of Danish Youth, the UN Society and all the nonsocialist parties backed out long ago. Socialist People's Party Youth [SFU] and No to Nuclear Arms are skeptical:

"The Soviet Foreign Ministry couldn't arrange a better congress itself. The sole purpose is to transmit Soviet foreign policy and there is good reason to fear that the congress will be even narrower than the previous congresses in Sofia in 1980 and in Prague in 1983. Preparations for the congress have been based on the ideas of the Danish CP. And the party doesn't get its ideas out of thin air," said Troels Toftkjaer Jensen of No to Nuclear Arms.

Danish CP member Henning Bentzen, who is also a member of the Liaison Committee for Peace and Security, said: "We have heard that we are being accused of being tools of Moscow. That is utter nonsense. If the criticism is genuine, one simply must assume that the threat of war comes from the United States."

A number of peace groups, especially the Liaison Committee, and the Danish CP are now sponsoring the event. Of the 30 members of the Danish preparations groups, 10 are avowed members of the Danish CP, although the majority are listed as having affiliations with other groups.

The important thing is this: the daily work of the secretariat is run by the three Danish CP men, Henrik Brandt, Carl Rosschou and Per Markmoller. As all decisions made by the preparations group must be unanimous--or, as they say officially, based on a consensus with no dissenting votes--it is hard to win approval for alternative proposals to those presented by the secretariat. The Danish CP people can simply veto them.

Rosschou used to work at the World Peace Council headquarters in Helsinki, but now he is back in Denmark. The World Peace Council was founded in Moscow in 1949 and is a forum for socialist and Third World countries. According to Henning Bentzen of the Danish CP, the Soviet Union "naturally plays first violin" in the council. The current chairman is Indian Communist Romesh Chandra.

The World Peace Council's influence on the preparations for the peace congress is steadily increasing, according to Bjarke Moller of SFU. That is because the Danish CP has run into opposition to its line in the Danish preparations group and therefore some of the problems have been shifted over to the international preparations group, where 15 of the 21 members are associated with the World Peace Council.

Hermod Lannung

The president of both the Danish and the international preparations groups is 90-year-old former Radical Liberal Folketing man Hermod Lannung, who stated emphatically that the congress will be broad and open and that everyone will have a chance to speak out. Lannung also strongly denied the allegation that any criticism of the Soviet war in Afghanistan will be suppressed.

According to Henning Bentzen of the Danish CP the initiative for the peace congress came from the Liaison Committee for Peace and Security in the spring of 1985 at the same time as Hermod Lannung was considering the idea himself. Other sources say the idea came directly from the World Peace Council. Henning Bentzen denies this.

Bjarke Moller said the congress is being held in Copenhagen because Danish Communists are so highly regarded in the communist world. He also said that the congress will be used to profile the Danish CP.

"The policies of Danish Communists have been compromised to such an extent in this country, especially because of Afghanistan, that the Danish CP has an extra need to outline its profile on legitimate political issues such as peace. The peace congress can give them a boost if it is broad enough. This puts the Communists on the horns of a dilemma, listening to the signals from Moscow while at the same time trying to avoid having the congress here branded as a purely Danish CP initiative and turning into a giant flop," said Bjarke Moller.

Typical Danish CP Work

The not very peaceful preparations for the peace congress are described as a textbook example of how the Danish CP works:

"They profess a breadth and openness that simply do not exist. The Danish CP assumes that if it plays with an open deck of cards people will be scared off. Communists still believe they can attract a few naive people here and there. And they are probably right," said Troels Toftkjaer Jensen.

The Danish CP supplies the rank and file and the labor force and gets control of the broad apparatus because its members are simply more active than other people. This also means that they can monopolize the work at the very beginning and keep people with different opinions out. A widely respected person is used as a figurehead to provide credibility and then things start rolling.

That is also the recipe given by the former representative of the lithographers working for the party newspaper, LAND OG FOLK. Jens Jackie Jensen was a loyal party member for 28 years before resigning from the Danish CP in 1980. He knows the system from the inside. He has helped keep it going himself. Today he writes articles and produces radio plays in which he strongly rejects his old ideology.

This is his description of the typical procedure when the Danish CP wants to gain control over a popular movement under cover of its being broad and nonpolitical--based on 28 years of experience:

"The formation of a grass-roots movement could also be called a recipe for organized spontaneity. Let us imagine that we are attending a Communist district leadership meeting in a suburb of Copenhagen.

"The chairman tells his comrades that the party's central committee has decided that a special effort should be made with regard to the peace issue.

"The orders are to form a committee that cuts across party lines. The comrades sigh deeply. They have tried this before. Many earlier attempts have ended in total failure. But the chairman encourages them by saying that conditions seem favorable just now. They start discussing which people they can use. The selection is not great. This time too they will have to rely on repeaters. The first person mentioned is a doctor who has been used for almost everything. But although he is well-worn, he can still be used again. It is hard to wear a doctor out completely. People believe in doctors.

"The next name is that of an architect. One drawback is that he is a former party member. A renegade, in other words. On the other hand he has a good name and that is all they really want. The architect is listed--with contempt.

"The third possibility is a member of the Socialist People's Party [SF]. He belongs to a union committee. Few words are wasted on him. He is willing as long as he can get his name in print--without doing anything.

"A few weeks later one can read in the local papers that some respectable citizens in the community, who are apolitical for the most part, have formed a committee that cuts across party lines because they can no longer sit back passively and look at what is happening. It is true that when the activists came around looking for committee members they tried to excuse themselves by saying they did not have much time, but those behind the move were very understanding about that small problem. The progressive people they were asking to join them would not have to overexert themselves.

"The committee also happens to include a teacher, a housewife and a social worker, all party members in good standing without making a big issue out of it. These three take on all the practical work without complaining.

"They come up with committee statements, present them and get them approved. They arrange meetings and write letters to the newspapers. They are always well-prepared, always self-sacrificing--almost to the point of being self-effacing. But the key word is almost, for in reality it is these three Communists who make up the committee and the others are only there to provide an alibi. Presentable figureheads," Jens Jackie Jensen concludes his account in the periodical EPOKE.

Bjarke Moller of SFU adds: "Danish CP people have an incredibly committed working style. Politics represents their whole life and they are ready to work 15 hours a day. They regard work as a kind of religion that gives them social security. They see themselves as the chosen few who must stand together against the enemy."

Party Withdraws: Soviet Influence

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jun 86 p 8

[Article by Nils Eric Boesgaard: "SF Says Peace Congress Too Red"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] A number of minimum demands concerning such things as a free debate must be met before SF will participate in the peace congress to be held in

Copenhagen from 15 to 19 October. SF does not want to listen to manifestoes, it wants to be allowed to discuss Afghanistan, among other things.

The Socialist People's Party will boycott the communist-controlled peace congress in Copenhagen unless at its next meeting in Geneva on 2-3 August the international secretariat for the congress accepts the party's compromise resolution, which closely adheres to the UN's seven-point plan for the Peace Year.

"We have already set the limit for the amount of dictation we are willing to accept from the preparations committee, " Pastor Hans Nebel of SF told BERLINGSKE TIDENDE.

"There is a working program that we helped to prepare. It should have been presented and approved at the last meeting in Geneva. That is the minimum we can accept and it is based on the seven program points for the UN Peace Year. They include topics like peace and justice, arms reduction, the effect of the arms race on the economy and living in peace. We do not want to listen to manifestoes. We want to be allowed to discuss topics in workshop groups where people could talk freely about Afghanistan, Nicaragua and the civilian uses of nuclear power."

Pastor Hans Nebel, who is a member of the Danish preparations committee, confirmed the widely-held view of the congress that the international committee was set up at the meeting in Geneva recently because of dissatisfaction with the work of the Danish secretariat.

Possible Soviet Financing

But he did not wish to comment on rumors that both the World Peace Council and Soviet authorities, who are presumably financing a large part of the congress, are dissatisfied because the Danish secretariat has not succeeded in covering up the communist image of the congress.

This interpretation was also rejected by the head of the secretariat, Carl Rosschou, a member of both the Danish CP and the Liaison Committee for Peace and Security, a Soviet front organization. He said that on the contrary, it was intended to reinforce the Danish secretariat.

"It means there are more people available to do the work," he told BERLINGSKE TIDENDE, although it is hard to see how the international committee can help out with the remaining arrangements, which at this late date must involve things like finding housing, ordering buses and so forth, in other words things that require a high degree of local knowledge.

Rosschou told us that he and two other people handle the daily operations of the secretariat. The two others are Henrik Brandt of the Danish CP and the Liaison Committee and Jens Clausager of the Radical Liberal Party.

"I do not work full-time but I am here a lot," Rosschou said. In addition to the three people mentioned above, about 20 people help out with the preparations work from time to time.

It is primarily the World Peace Council, a Soviet front organization, and the Soviet government that have been dissatisfied with the fact that the Danish committee has spent too much time discussing who should be invited, especially whether or not to invite East European grass-roots movements like Solidarity and Charter 77.

Broad Undertaking

"They are dissatisfied that things have gone so slowly," Pastor Nebel told BERLINGSKE TIDENDE.

"In SF our clear goal for the congress has been to make it a broad undertaking and it will be as long as we participate. But we have had to discuss that a great deal with the Danish CP representatives on the preparations committee, among others.

"This has taken a very long time and we have not come as far as we hoped," he said and added:

"If we do not get the breadth that was the prerequisite for SF participation we do not think the congress will be everything it should be.

"We feel it is important to talk to the East European peace people. This includes the official peace organizations and it has struck me that many of the East European peace people have also expressed a desire for broad attendance at the congress. They are not interested in just coming over here and meeting western communists."

Radical Liberals Only Participants

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jun 86 p 6

[Article by Nils Eric Boesgaard: "Radicals Support Peace Congress"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Radical Liberal Party is the only one of the established political parties planning to participate in the Soviet-controlled peace congress to be held in Copenhagen from 15 to 19 October. The reason is a stubborn hope that this will give the congress breadth.

The Radical Liberals do not intend to pull out of the Soviet-controlled peace congress that will be held in Bella Center in Copenhagen from 15 to 19 October.

"This has nothing to do with our veneration for the party's grand old man, 92-year-old Hermod Lannung, who officially initiated the congress.

"We are still convinced that we can give the congress the breadth some parties have called for, but I also hope that at some point this will help the other parties to come out of hiding," said the secretary of the Radical Liberal Party, Jens Clausager, who also represents the party on the peace congress preparations committee.

The Radical Liberal Party is the only one of the old parties in Folketing to agree to participate in the congress. The Socialist People's Party is also taking part in the preparations work but the party has demanded that some minimum requirements concerning the agenda and the free exchange of opinions be met. At the same time others, from the Social Democrats to the right wing, have declined on the grounds that this is a Soviet charade.

BERLINGSKE TIDENDE first asked party leader Niels Helveg Petersen for a comment on the involvement of the Radical Liberals in the peace congress, especially their surprisingly close cooperation with the Danish CP and the Soviet front organization, the World Peace Council. But he did not wish to comment and referred us instead to Jens Clausager as the party's "specialist" in this area. "Ordinarily the Radical Liberals have nothing to do with the Danish CP or the World Peace Council. But in my opinion neither the Danish CP nor the World Peace Council has had a greater influence on the congress than the rest of us have allowed them to have," said Jens Clausager.

"I do not care for the World Peace Council, its policies or the people it associates with," he added.

The World Peace Council was founded at a Cominform congress in Wroclaw in 1948. Its headquarters were originally set up in Paris but the organization was expelled. It then moved to Geneva where it was not wanted either and now it is located in Helsinki, whether the Finns like it or not. For a number of years the president and leader of daily operations has been Indian Communist Romesh Chandra but at a meeting in late March of this year the council chose Finnish Communist and peace activist Johannes Pakaslahti as secretary general.

Clausager denied that the peace congress in Copenhagen is turning into a Soviet-controlled charade.

"I do not doubt that the Soviet Union has ideas about the congress. But neither is there any doubt that the Radical Liberals, SF, the Campaign Against Nuclear Weapons and perhaps the Danish CP as well have their own ideas about this congress, ideas that do not necessarily harmonize with those of Moscow," he added. "But how can we have a dialogue without bringing different opinions together?"

The preparations committee for the congress has been sharply criticized for not having invited the alternative East European peace movements to attend--Solidarity in Poland, Charter 77 in Czechoslovakia and the Christian peace groups in East Germany.

"The Danish preparations committee unanimously urged all participating countries to include peace groups that normally do not participate in their national delegations," Clausager concluded. "We Radical Liberals will not make our participation in an international congress--and that is what this is, whether one likes it or not--contingent upon the participation of a dissident group."

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POLL FINDS VOTERS DOUBT SDP ABILITY TO HANDLE ECONOMY

Jorgensen Comments on Poll

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jul 86 p 6

[Text] The voters think a Social Democratic government would not do as well at solving our economic problems as the present government. For example only 17 percent thought an SDP government could wipe out the balance of payments deficit.

Only 29 percent of the voters felt that a Social Democratic government would be better than the four-party coalition government at solving the country's economic problems, according to an opinion poll published today in BORSENS NYHEDSMAGASIN.

NYHEDSMAGASIN writes that in view of the fact that the SDP, the Socialist People's Party [SF] and the Left-Socialists [VS] received 45.8 percent of the votes in the January 1984 election, this represents a harsh sentence on a future SDP government alternative.

The poll, which was conducted for BORSENS NYHEDSMAGASIN by the AIM polling institute, indicated that only 17 percent of the voters felt that the SDP would be better than the nonsocialist government when it comes to eliminating the balance of payments deficit.

The voters were asked in June whether the current government or a Social Democratic government would be better at solving the country's economic problems in general. Here 41 percent named the four-party government and 29 percent an SDP government.

On the other hand, 45 percent of the voters thought an SDP government would be better at assuring "social balance," while 26 percent backed the current government.

Former Prime Minister Anker Jorgensen, chairman of the Social Democratic Party, commented on the AIM survey in NYHDSMAGASIN:

"It is an assessment that is in conflict with all the facts. It is the non-socialist model that has failed," he said. "Prime Minister Poul Schluter's optimism has camouflaged some of the gravity of the government's problems."

Anker Jorgensen also said he will go into the next election as party chairman and candidate for the prime minister post and that former Labor Minister Svend Auken, the party's deputy chairman, would be "an excellent successor."

Minister Questions Left's Goals

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jul 86 p 6

[Article by Per Lyngby: "SDP-SF Accused of Triple Deception"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Education Minister Bertel Haarder (Liberal) has attacked the Social Democrats and SF. They cannot, as they claim, maintain the present economic policy and at the same time introduce the 35-hour work week, he said.

The SDP and SF policy is self-contradictory and a triple deception. They say they will not change the present government's economic policy, but at the same time they are promising big costly public improvements and a 35-hour work week.

Education Minister Bertel Haarder (Liberal) said that last night at a meeting in Oro. He elaborated on the triple deception by saying:

"In the first place a 35-hour work week for everyone will immediately stall the economic upturn. In the second place, curtailed work hours will make it impossible to fulfill any of their other promises to the voters. And in the third place such a policy will undermine all the basic elements in the economic policy they say they want to maintain," said Bertel Haarder.

He added that it does not help when former Tax Minister Mogens Lykketoft (SDP) assures us that a new government will maintain the important parts of the present government policy.

"He undoubtedly means this sincerely, just as previous Social Democratic finance ministers have been sincere when they advocated a tight economic policy. But they could not control their own people and they got no support from their leader, Anker Jorgensen."

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RADICAL LIBERAL PARTY HOPES NEW PUBLICATION HELPS PROFILE

Concern Over Ideology

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jul 86 p 4

[Article by Thorkild Dahl: "Radicals Must Learn to Think Radically"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The maintenance allowance compromise between the government and the Radical Liberals in 1984 did not split the powerful middle party, but the dissatisfied element stayed in the party to steer the Folketing group onto the right Radical course. The new paper RADIKAL REVY will be the place for long-range strategy, something the critics behind the paper feel has been ignored by the Folketing group.

"Being a Radical is not like having a key where one can look up all the answers."

These are wise words from the undisputed leader of the Radical Liberal Party, Niels Helveg Petersen, and generally speaking they mean that standpoints are not set in concrete and that there is a lot of political room in which to operate.

The problem is that while grass-roots Radicals may be satisfied with the party's powerful position, the debate will be lively when party members look for the answers that Niels Helveg Petersen says do not exist.

Niels Helveg Petersen is sitting in his summer house down in Tullebolle, Langeland, and in his own words he is deeply alarmed by the idea of a Social Democratic-Socialist People's Party government.

But others in the Radical Liberal Party are not so alarmed by the Socialist People's Party [SF] and in the Arhus area a small group has been sitting around correcting the editorial in the new Radical grass-roots paper RADIKAL REVY. When they were through, it read: "The Radicals have it in their power to create the right conditions for a strong Social Democratic-SF government and that is what the party ought to do." The flirtation with Poul Schluter must end.

The problem looks a little different in Langeland than it does in Arhus. But this will not continue to be true, for the group behind the Radical grass-roots paper RADIKAL REVY intends to shift the powerful Folketing group onto the true Radical course. RADIKAL REVY will be the debate forum where Radicals and radically-minded people can consider long-term Radical policy.

Instruction in Radical Ideas

RADIKAL REVY is not the Radical Party's paper, but offers friendly instruction in Radical ideas as presented by the group that almost broke off part of the party in 1984 in a state of strong indignation over the maintenance allowance compromise with the government. The idea behind this was that people who had been unemployed for longer periods of time would be offered training or assistance in becoming self-sufficient instead of jobs. The Radical left wing did not believe the training offer was genuine and feared that the compromise actually represented a sorting out of the long-term unemployed into what the left wing in Folketing called the "social trash can"--the lowest rate under the Assistance Act.

Some Radicals became Greens at that time, but a group led by former Radical Folketing member Sven Skovmand decided to stay in the part and try to form small working groups to prepare Radical ideas for the Folketing group.

But the alternative working groups met with the same fate as so many other officially appointed party working groups--meeting activity fell off.

When Radicals at the organizational level want to consider ideas, a big group is set up under the executive committee and the debate stops there, according to the Arhus group, so the only viable course of action is to assemble likeminded people within easy commuting distance of each other.

And it is opportune that the Arhus Radicals have a long tradition of defining the views of the left wing of the Radical Party. Members in the Arhus district point out that this was also true before the day of Niels Helveg Petersen.

In addition to Sven Skovmand, the group consists of theologian Jens Jermiin Nielsen, business manager Torben Dreier, illustrator Anita Bahrendt and Dr Ejner Hviid Jensen.

The group of people solely responsible for RADIKAL REVY both ideologically and financially is a small one but the effort is aimed at a broader circle.

Sven Skovmand has no doubt that a third of the party's approximately 10,000 members back the demand for Radical support of an SDP-SF government and the executive committee, of which he and Ejner Hviid Jensen are members, is also receptive to the group's views.

The politicians in the powerful Folketing group see things differently. Niels Helveg Petersen regards SF as an irresponsible party and he is backed by the group's deputy chairman, Ole Vig Jensen. But the group has received the support of Folketing member Aase Olesen.

Spending Their Own Money

It is this powerful group that must change direction. The Arhus group says frankly that the "Radical Folketing group determines most of what happens in Folketing" and the task of RADIKAL REVY will be to criticize and create ideas.

The paper is not read by all Radical Party members, but that is the goal. At the moment the Arhus group is spending its own money on the debate paper, which is now being printed in an edition of 1,000 copies.

The offensive will come in September. The party congress will be held on 20 and 21 September at Hotel Nyborg Strand and if the Arhus group has its way, the debate will concern more than the routine details of the political arena at Christiansborg, for "the Folketing group always gets into trouble."

Radicals must think in long-range terms. Strategy will be the key word, as former director of Thrige-Titan, Steen Dano, has already told the executive committee.

The next issue of RADIKAL REVY will have room for another criticism of the Folketing group and the congress should be in no doubt that there is still life in the people behind the 1984 rebellion.

Newspaper on Party's Problem

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jul 86 p 10

[Editorial: "Radical Radicals"]

[Text] The Radical Liberals are split on their attitude toward the dream prospect--or nightmare--of a government consisting of the Social Democrats and SF. But it is a split that Niels Helveg Petersen can take very lightly. For it is nothing new and it would be much more surprising if it did not show up.

The Radical Liberals have a left wing with roots in old cultural radicalism and nourished by the grass-roots movements whose base color is green touched off by red stripes. Political activity is high in these groups--so high that they are also able to send out their own paper. Here EC opponents, led by Sven Skovmand, can exchange views with the not insignificant number of party officials who mechanically try to turn to the left when a course has to be set. The Radical Liberal Party has always been a balancing party which from its position in the middle of the political spectrum has tried to divide its favors equally between what the party views as the two sides in Danish politics. The course has most often been set in the wake of the Social Democratic Party, but since 1981, when the Radicals were worn out by the Social Democrats in their effort to hold onto government power, the party's

Folketing group has sized the situation up clearly. That was the green light that formed the parliamentary basis for the present government.

Niels Helveg Petersen's hand has not faltered at any time since then. Some people have called him the country's real ruler, while others--most recently Ritt Bjerregaard--have deplored his betrayal of basic Radical standpoints. The simple fact is that Niels Helveg Petersen has formed the clear and accurate impression that Radical voters are sick and tired of the economic myth with which the Social Democratics have tried to tie the party's hands. He formed that impression in the full knowledge that his own left wing would be breathing down his neck. That was clearly expressed in the 1984 budget compromise and the same group is now trying to create doubts about the future. The radical Radicals have a tradition of being eloquent and vociferous, but although they have quite a few supporters in the local party associations and thus at party congresses, it is they and not the majority of the Folketing group who lack contact with Radical roots. Cultural radicalism traditionally plays a big role in the public debate. But as a political power factor it has never had much impact. That also applies to the Radical Liberal Party.

6578
CSO: 3613/175

GOVERNMENT DECIDES AGAINST FALL ELECTION DESPITE VOTE SETBACK

Reykjavik MORGUNBLADID in Icelandic 23 May 86 p 3

[Article: "Government Parties Discuss Parliamentary Elections: Evaluation of Position of Wage Affairs Most Important--Local Election Results Not a Reason For Fall Elections"]

[Text] Politicians are currently discussing within their groups the next big event in the political arena, namely the parliamentary elections, and whether in fact to hold them this fall. Within the political parties, the most prominent views are that the outcome of the elections this Saturday does in itself not provide the reason to resolve Althing. On the other hand, many difficult tasks are waiting to be solved, tasks that would more easily be solved if greater stability prevailed in the political arena. In this instance, the discussions mostly evolve around the next wage agreements which might coalesce with the election campaign if the elections were to be held in April next year when the term expires.

The parliamentary group of the Independence Party met on Thursday and the party's central committee met on Friday. The topic at the meetings were the prospects in politics now. According to MORGUNBLADID's sources, it was a common view that the outcome of the local elections did not provide a reason for a decision to aim for elections in the fall. The opinion was, however, that in view of the tasks that confront the political arena, people must consider whether better solutions are to be expected by calling for elections earlier than prescribed. No decisions were made in this matter, neither by the parliamentary group nor the central committee of the Independence Party.

This dual viw also emerges in an editorial in TIMINN, the Progressive Party organ, on Wednesday. Firstly, no reasonable arguments call for the government to dissolve parliament and resign because of the elections results on Saturday. Secondly, no affirmation can be made about whether other reasons will cause parliamentary elections to take place sooner then prescribed by law. Among the Progressives, voices can be heard stating that the position of the Progressive Party is so weak that the party will need more time than until this fall to recoup.

The issues that will be the deciding factor among the government parties when the decision on this matter will be taken are finalizing the budget before the turn of the year and the position of wage affairs at the turn of the year when the wage contracts expire. It is being pointed out that it has never proven profitable to call for parliamentary elections at the same time that a battle is taking place about wages and benefits; and that there is more at risk there now than often before as the goal is to stabilize inflation to a permanent level. It is not possible to expect sensible wage contracts unless they are founded on a secure political basis.

According to an agreement between the government parties, Althing will not be dissolved, and elections will not be called except with the approval of both parties. The last parliamentary elections were held 23 April 1983. It has also been discussed among politicians when selecting election date whether parliamentary elections must be held before 23 April 1987, or whether it suffices that parliament is dissolved before 23 April 1987 and the election date decided within 2 months from that date. This is a matter of an interpretation of the provisions of the Constitution.

9583
CSO:3626/36

POLL SHOWS BARE MAJORITY SUPPORTS GOVERNMENT

Reykjavik MORGUNBLADID in Icelandic 23 May 86 p 3

[Article: "University of Iceland Institute of Social Sciences Poll: Government Support 52.4 Percent"]

[Text] According to a poll conducted by the Institute of Social Sciences of the University of Iceland for MORGUNBLADID, the government has 52.4 percent of the voter's support. The support for the government is 58 percent among men and 46 percent among the women. These figures are based on the participants who took a position in the poll.

The study involved how the government supporters were divided in their position to the political parties. It came forth that the government has the support of 88 percent of the voters of the Progressive Party and the Independence Party; 42 percent of the voters of the Social Democratic Party'; 31 percent of the voters of the Social Democratic Alliance; 19 percent of the voters of the Women's List and 7 percent of the voters of the People's Alliance.

The poll was a link in a study of national issues conducted by the Institute of Social Sciences which was conducted during the period of April 26 to May 5 of this year. The poll covered 1,500 voters 18-years of age and older nationwide. Responses were received from 1,116 people. The question was: Are you in favor of the government or against it? Of the total, 558 said that they supported the government; 223 did not take a position for or against the government (both and neither); and 284 said that they were opposed to the government; 19 participants refused to answer and 32 answered "don't know."

The following table shows the position taken by the participants to the government based on how they plan to vote in the parliamentary elections. Those who refused to answer the question about the position to the government and those who answered "don't know" are not included. Also, the five individuals who said that they planned to vote for the Humanist Party are not included in the table. Special attention is called to the fact that because very few responders say that they intend to vote for the Social Democratic Alliance, the figures for that party must be interpreted with great precaution.

Position with respect to the government:

Parliamentary vote:	Support:	Both and/ neither:	Oppose:	Total:	All:
Social Democratic Party	42%	17%	42%	101%	(106)
Progressive Party	88%	7%	6%	101%	(108)
Independence Party	88%	8%	4%	100%	(319)
People's Alliance	7%	12%	81%	100%	(110)
Social Democratic Alliance	31%	19%	50%	100%	(26)
Women's List	19%	21%	60%	100%	(62)
Probably not the Independence Party	25%	43%	32%	100%	(60)
Will not vote/blank ballot	25%	50%	26%	101%	(117)
Refuse to answer	43%	30%	27%	100%	(83)
Don't know	40%	48%	12%	100%	(65)

9583
CSO:3626/36

POLL INDICATES LARGE GAIN FOR INDEPENDENCE PARTY

Reykjavik MORGUNBLADID in Icelandic 25 May 86 p 2

[Article: "Hagvangur Poll Survey of Party Support in Parliamentary Elections: Considerable Gain in Support for Independence Party"]

[Text] People's Alliance, Progressive Party and Social Democratic Alliance Lose Support

A poll conducted by Hagvangur for MORGUNBLADID shows that the Independence Party would receive 43.6 percent of the votes if parliamentary elections were to be held in the next few days. In the 1983 elections, the party received 38.7 percent of the votes, and in a poll conducted by the Institute of Social Sciences earlier this month, the party received 39.8 percent. The Social Democratic Party and the Women's List also added support from the last elections, but do, however, have less support than the Institute of Social Sciences poll showed. The People's Alliance, the Progressive Party and the Social Democratic Alliance do, however, lose support compared with the elections and the Institute of Social Sciences poll.

If only the voters who took a position are counted, 15.4 percent intend to vote for the People's Alliance; 15.0 percent for the Social Democratic Party; 2.9 percent for the Social Democratic Alliance; 14.8 percent the Progressive Party; 7.4 percent for the Women's List and 0.8 percent for the Humanist Party.

The Hagvangur poll was conducted during the period May 9-19 of this year and the sample included 1,000 people, 18 years of age and older. Responses were received from 781 voters, or 78.1 percent of the sample. The question was: "If the parliamentary elections were to be held in the next coming days, which political party or alliance are you most likely to vote for?" If the participant was uncertain, the question was also asked: "What political party or alliance are you most likely to vote for?" Of those asked, 29 (3.7 percent) intended to turn in a blank ballot; 41 (5.3 percent) did not intend to vote; 144 (18.4 percent) answered "don't know" and 81 (10.4 percent) refused to answer.

The participants were also asked about their position to the government. Of those, 51.1 percent said that they supported the government; 31.1 percent said that they did not support it; 14.1 percent answered "don't know" and 3.7 percent refused to answer.

PARLIAMENTARY ELECTIONS

Proportional support if only those who took a position are counted.

	Election Results	May 1986	Mar 1986	Des 1985	Jun 1985	May 1985	Feb 1985	Sep 1984
People's Alliance	17.3	15.4	18.6	14.6	12.0	12.2	10.8	16.1
Social Democratic Party	11.7	15.0	11.9	16.2	16.0	21.3	20.5	7.0
Social Democratic Alliance	7.3	2.9	5.3	4.3	7.7	5.4	6.0	6.2
Progressive Party	18.5	14.8	15.7	13.0	11.0	11.9	9.9	14.6
Independence Party	38.7	43.6	38.8	42.1	43.6	41.2	40.4	45.7
Women's List	5.5	7.4	8.9	8.9	9.1	7.4	11.2	8.9
Humanist Party		0.8	0.8	0.8	0.6	0.6	1.2	
Other	1.0							1.5

The table shows the election results of the 1983 parliamentary elections and the results of polls conducted by Hagvangur since then.

9583
CSO:3626/36

PA CHAIRMAN: ELECTION RESULTS JUSTIFY FIGHT TO MOVE PARTY LEFT

Relates Opposition to NATO

Reykjavik MORGUNBLADID in Icelandic 23 May 86 p 9

[Commentary by 'Staksteinar:' "The Progressive-Narrow Will Mend All Evil. Reflections by Hrobjartur on the Good Campaign Issues"]

[Excerpt] The Backfire of the Year"

Today, STAKSTEINAR will discuss the party chairman's historical slip of the tongue, which went undetected by most people, in the radio debates just before the last recess of the Althing. The fact that almost no one noticed the "backfire" shows, first and foremost, how totally hackneyed some of the radicals' slogans have become. It is possible to change the word order of the slogans--and the meaning--if the rhythm is maintained, without anyone noticing it at all. Nonetheless, these slogans are the livelihood of the radicals, although the lack of substance is piercing to the ears. Also discussed will be THJODVILJINN's pleasantries about the Progressive Party madam who is a part of the cooperation in city affairs which is the other alternative in the upcoming city elections.

"Iceland Out, the Defense Force Out of NATO"

A STAKSTEINAR friend who taped the radio debates from the Althing called attention to People's Alliance Chairman Svavar Gestsson's slip of the tongue underscores how hackneyed some of the slogans have become.

This involves a strange argumentation incident in a speech of the chief, or the People's Alliance superior pope" when he delivered his speech in the kitchen debates what were broadcast," as our friend stated it, "in the Althing shortly before the recess of parliament...It seems as if the slogan record has been played so often that almost no one noticed this "backfire"; at any rate not the big shot who knows everything better than anyone else, Svavar Gestsson himself, but let's listen." And this is the party chairman's verbatim "backfire" in the radio debates:

"The People's Alliance has held a special position in foreign affairs; it has wanted to promote peace and disarmament; it has wanted to keep Iceland outside military conflicts; it has wanted Iceland out and the Defense Force to leave NATO."!

"Iceland out and the Defense Force out of NATO," said the party chairman as the whole nation listened and nobody noticed the change of word order in the slogan.

"I wonder where they are planning to send Iceland," said STAKSTEINAR's friend and "I wonder what they are going to do with the Defense Force after it has left NATO"? But all jest aside, it certainly looks like that the clamor of slogans is near collapse, as almost no one notices this "backfire of the year." This might constitute an interesting research material--or perhaps not!

Election Results Claimed Vindication

Reykjavik MORGUNBLADID in Icelandic 4 Jun 86 p 28

[Editorial: "Going Left?"]

[Text] There is reason to call attention to the fact that Svavar Gestsson, chairman of the People's Alliance, wants to share in the increased support for the Social Democratic Party in the elections on Saturday. Gestsson interprets the results to convey a promise of cooperation of the leftist powers, the People's Alliance, the Social Democratic Party and the Women's List. In an interview in MORGUNBLADID, the People's Alliance Chairman feels that it is "natural and a matter of course that in continuation of these results, socialist powers in the country, which are mainly to be found in the People's Alliance, the Social Democratic Party and the Women's List, will put an emphasis on winning a majority in the next parliamentary elections. I do not see winning such a majority as remote a possibility as before after these election results."

Svavar Gestsson's statements about the victory of the Social Democratic Party being useful to the People's Alliance and that it is a promise of a leftist government in the country take on increased importance when it is taken into account that the leaders of the Social Democratic Party, for example, in Hafnarfjordur and Kopavogur do not look towards any other party with an offer to cooperate than the People's Alliance. People's attention is also directed to the fact that Svavar Gestsson and Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, held a joint meeting in Siglufjordur May 1 of this year. That cooperation is surely to be viewed in the grand political light; Gestssons words now after the elections support this view. Votes cast for the Social Democratic Party are in his opinion support for a leftist government in national affairs.

MORGUNBLADID doubts that those who voted for the Social Democratic Party in the local elections did fully realize that they were declaring their trust in Svavar Gestsson and the People's Alliance in national affairs. It is much more likely that the honorable voters had their mind set on the proposal Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, made to the Independence Party. Of everything Jon Baldvin Hannibalsson has said after he was elected chairman of the Social Democratic Party, his statements about the Social Democratic Party cooperating with the Independence Party in the government are probably what the public remembers.

Now, after the elections, the ALTHYDUBLADID [Social Democratic Party organ] states the following in an editorial: "In continuation of these elections, socialists and labor movement supporters within the Social Democratic Party and the People's Alliance need to increase their cooperation." The question arises whether Jon Baldvin Hannibalsson is of that opinion? If that is the case, he should tell the Social Democratic Party voters that straight out that a vote cast for the party is support for Svavar Gestsson and the People's Alliance. Anything else is dishonest.

If the movement of votes in the 1982 local elections and in the elections that took place now is viewed, it comes to light that the Social Democratic Party has barely recovered the support it lost then. In 1982 the Social Democratic Party lost 4.9 percent of its total support but now the party increased it by 4.7 percent. The People's Alliance, however, lost 6.8 percent of its total support in the 1982 local elections and now the party increased it by only 1.8 percent (the Women's List lost 1.9 percent now). From these figures it is not possible to draw the conclusion that the voters were taking a decisive step to the left on Saturday. If that was the case, they would have streamed over to the parties that dare flaunt the leftist policy both before and after the elections: the People's Alliance and the Women's List.

The Social Democratic Party voters have the right to demand that the leaders of the party make it clear without any doubt whether Svavar Gestsson speaks on their behalf; he looks at it as "normal and a matter of course" that votes cast for the Social Democratic Party are votes cast for a leftist government.

Party Newspaper Editor Duels

Reykjavik MORGUNBLADID in Icelandic 7 Jun 86 p 9

[Commentary by 'Staksteinar:' "THJODVILJINN: Board Elections Conflict"]

In a Labyrinth

When the battlefields within the People's Alliance were covered in STAKSTEINAR yesterday and the fierce conflict within the THJODVILJINN publishing association was viewed, there was a misunderstanding in the battle description, namely that the fighting factions had agreed on Ragnar Arnalds as a candidate in the seat of Kjartan Olafsson, former editor of THJODVILJINN, on the board of the publishing association. The truth is that no agreement was reached about Ragnar Arnalds' candidacy. Even the THJODVILJINN reporters are having a hard time figuring out what happened at the meeting of the publishing association, as will be reported in STAKSTEINAR today.

Asmundur Stefansson's Correction

In a news report in THJODVILJINN on Thursday about the meeting of the publishing association it is stated: "A certain group of people within the publishing association wanted Alfheidur Ingadottir and Asmundur Hilmarsson on the board and stuck with it, despite the fact that an agreement had been reached before between Svavar Gestsson, Olafur Ragnar Grimsson and Asmundur Stefansson that Ragnar Arnalds, member of parliament, would take Kjartan Olafsson's seat who had decided to resign from the board if that would lead to unity about the proposal made by the trio. That unity was not reached, and a motion was not made and consequently the elections were held."

Asmundur Stefansson, chairman of the Iceland Federation of Labor, corrected this news report in THJODVILJINN yesterday. It is stated, among other things:

"At a meeting of the THJODVILJINN publishing association the evening before last, it was clear that both parties [with these words, Asmundur Stefansson is referring to those who supported Sigurjon Petursson in the Reykjavik city elections, on the one hand and the THJODVILJINN clique on the other] had campaigned hard; not only one, as indicated by the paper. Many people were upset. It is correct that I and Olafur Ragnar Grimsson discussed whether it was conceivable to make a motion on which a compromise could be reached. Both of us talked individually with various other people attending the meeting to check on views in general, and after checking on this, I informed Olafur Ragnar Grimsson that I was prepared to sponsor a motion for Alfheidur Ingadottir to replace Kjartan Olafsson on the board of the publishing association but the executive board would in other respects remain unchanged. Olafur Ragnar Grimsson agreed to check the views of several of the people attending the meeting on this idea. The editor of THJODVILJINN was standing beside Olafur Ragnar Grimsson when this took place, and he is therefore fully aware of what we said. I also expect that he knew that shortly afterwards Olafur Ragnar Grimsson informed me that there was not a basis for a joint motion. It is therefore incorrect that there was an agreement among us about making a motion in this matter."

Ossur Skarphedinsson Responds

Ossur Skarphedinsson, editor of THJODVLJINN, who Asmundur Stefansson claims was a witness to the conversation between him and Olafur Ragnar Grimsson, responds to the corrections of Asmundur Stefansson as follows in THJODVILJINN yesterday:

"Asmundur Stefansson is incorrect when he states that I had been present at an annual meeting of the THJODVILJINN Publishing Association or that I had participated in discussions between him and Olafur Ragnar Grimsson about a compromise motion nominating Alfheidur Ingadottir to replace Kjartan Olafsson, former editor of THJODVILJINN, as principal member on the board.

I was, however, present when a motion on nominating Ragnar Arnalds, chairman of the parliamentary group of the People's Alliance, as the principal person replacing Kjartan Olafsson and Alfheidur Ingadottir and Asmundur Hilmarsson, as the first and second alternates. That motion did not carry, as is well known."

Here we have in fact a statement against statement, just like steel on steel, but that is exactly how it looks within the People's Alliance labyrinth; there are factions in full battle regalia fighting one another; one aligns itself with Svavar Gestsson and the other with Olafur Ragnar Grimsson.

"Well-Known Consequences"

Sigurjon Petursson became the target of the fighting factions in the People's Alliance in the city elections, and in fact, so was Party Chairman Svavar Gestsson. Asmundur Stefansson refers to all these matters in his correction in THJODVILJINN yesterday:

"Recently, there have been some disputes within our excellent party. It is nothing new to have disagreements within the party, but this time, the disputes have taken on a rather strange format, for example, when the THJODVILJINN leadership protested against the party chairman as the spokesman at the Reykjavik election rally and rejected Sigurjon Petursson, the first man on the party's list in Reykjavik, as the party spokesman the evening before the elections, with the well-known consequences."

This is a direct shot at Ossur Skarphedinsson, editor of THJODVILJINN, who forced his way into the television program the evening before the elections. The well-known consequences were that he pushed away support for the People's Alliance and the whole nation realized that the editor is afraid to live up to his words.

Party Editor Opposes Chairman

Reykjavik MORGUNBLADID in Icelandic 12 Jun 86 p 4

[Article: "New THJODVILJINN Editor: Reporters Opposed to Hiring Gestsson--Publishing Board Makes Decision Monday"]

[Text] Today, the THJODVILJINN reporters are holding a meeting about their future, or in other words, whether they would submit mass resignations if the outcome of the first meeting of the newly elected THJODVILJINN publishing board this coming Monday will be to hire Svavar Gestsson, chairman of the People's Alliance as editor of the paper, along with Ossur Skarphedinsson and Arni Bergmann. It is considered definite that the majority of the THJODVILJINN publishing board will make a motion at the meeting to hire the chairman. It is considered equally certain that today or tomorrow, Svavar Gestsson will report to the publishing board that he is prepared to accept the job.

There has been great excitement within the People's Alliance in the past days after it became clear that seven of eleven persons on the THJODVILJINN publishing board wanted to make the chairman an editor of the paper. The people in that group are: Adda Bara Sigfusdottir; Alfheidur Ingadottir; Ragnar Arnason; Helgi Gudmundsson; Sigurjon Petursson; Ulfar Thormodsson and finally the party chairman himself, Svavar Gestsson. These seven people belong to the People's Alliance wing which recently has been identified with the "party owners."

Those who are opposed to the hiring of Svavar Gestsson belong to the wing of the party which is identified with the party's "democratic power." They are: Olafur Ragnar Grimsson; Kristin A. Olafsdottir; Mordur Arnason and Olga Gudrun Arnadottir. Besides, it is believed that the majority of the THJODVILJINN editorial board is opposed to this measure.

Reporters Confer Today

The THJODVILJINN reporters plan to confer today and coordinate whatever measures they will take if the aforementioned hiring becomes reality. MORGUNBLADID's sources say that mass resignations of the editorial staff are imminent if Svavar Gestsson is hired as editor. One of THJODVILJINN's reporters said in a conversation with MORGUNBLADID yesterday: "We who have worked on building up THJODVILJINN in the past years are, of course, unable to accept a return to the past with regard to the paper's editorial policy, but we feel that it is unavoidable if Svavar Gestsson is hired as editor."

Some uncertainty prevails about what Ossur Skarphedinsson, editor, plans to do if Svavar Gestsson is hired. Sources say that in fact he will be forced to resign. Skarphedinsson has not made any declarations about what he plans to do, nor has he discussed his views with the staff of the editorial board. It is believed that he does not want to influence in any way what measures the reporters resort to. It was not possible yesterday to contact Skarphedinsson and ask him about his position in this matter. The same applies to Svavar Gestsson, chairman of the People's Alliance.

"I Do Not Know About Any Majority"

Yesterday, Alfheidur Ingadottir was asked whether there was a desire among the majority of the THJODVILJINN publishing board to hire Svavar Gestsson: "I do not know about that. I do not know about any majority, or whether there is any majority or minority there, neither with respect to this matter nor any other. I am not speaking on behalf of anybody. I only speak for myself. I fully support the words of Ulfar Thormodsson to the effect that if THJODVILJINN has the opportunity to acquire such a worker as Svavar Gestssn as editor, I would find that far from absurd," said Alfheidur Ingadottir.

Ingadottir was asked whether she did not think that hiring the party chairman to fill the editorial chair of THJODVILJINN would not cause dissolution and resignations on the THJODVILJINN editorial board: "I can't imagine that," said Ingadottir,"it is not as if somebody from the outside is being hired, and he is primarily a professional in journalism and editorial work. That is of the utmost importance. I can clearly see the need to increase the number of people on the THJODVILJINN editorial board, and I have always been of that opinion."

"Watches the Endeavour to Want to Postpone the Future"

Oskar Gudmundsson, editorial representative of THJODVILJINN, was asked his opinion on this matter yesterday: " The tendency to postpone the future has prevailed among several very powerful THJODVILJINN people. This applies especially to the position to mass media. This view is also apparent elsewhere. Since Kiddi [Kristjan Finnbogason] Finnboga and Alfred Thorsteinsson could make a "comeback" with TIMINN, why should Svavar Gestsson not be able to make a "comeback" with THJODVILJINN. Aside from that, I do not think that Asmundur Stefansson will gain anything by having an editorial representative with THJODVILJINN."

One of the spokesman for the majority of the publishing board said in a conversation with a MORGUNBLADID reporter yesterday that it was clear that the will of the majority of the publishing board is to hire Svavar Gestsson as editor on THJODVILJINN. One could say that the matter is finalized, although a formal response from the chairman has not been received. He said that it was incorrect to interpret this hiring as an attack on Ossur Skarphedinsson as this was only a matter of filling the gap that had formed when Kjartan Olafsson resigned as editor several months ago. This was primarily being done to strengthen the unity labeled "party-paper."

He said that he did not fear that Skarphedinsson would resign as editor if Gestsson is hired. That is absurd. He said, however, that he thought that some of the THJODVILJINN reporters would resign in the wake of Gestsson's hiring but they are reporters who had been thinking about leaving anyway.

9583
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NEWSPAPERS COMMENT ON MEANING OF LOCAL ELECTION RESULTS

Conservative Newspaper Interprets Results

Reykjavik MORGUNBLADID in Icelandic 3 Jun 86 p 36

[Editorial: "Election Results"]

[Text] The Independence Party maintained its majority in Reykjavik and increased its following from the 1982 elections. This is a fabulous result, especially when taking into consideration that the support for the Independence Party decreases in the densely populated area, from Akranes to Vestmannaeyjar, if Mosfellssveit is excluded. The victory of the Independence Party in Reykjavik is also a great personal victory for Mayor David Oddsson. The proportional support for the Independence Party, 52.7 percent, is comparable to what it has been best for the party in recent decades.

The support for the Independence Party in Reykjavik is the backbone of the party nationwide. The increased support in the capital now leads to the fact, that the Independence Party will make less of its losses in other municipalities, especially in the southwestern corner of the country, than it would otherwise have done. In the southwestern corner, there has been some fluctuation away from the Independence Party; it lost its majority in Njardvik and Vestmannaeyjar which it won in the 1982 elections. On the other hand, the Independence Party won a majority in Olafsfjordur and Grundarfjordur; it strengthened its position considerably in Isafjordur; the party maintained its support in Dalvik and did better than that in Akureyri.

The support fluctuation is greatest to the Social Democratic Party which added 4.7 percent of the votes when looking at the country as a whole based on the 1982 local elections. The election results for the party are the best in Keflavik where it won a clear majority, and in Hafnarfjordur where it again became the largest party. It is possible to compare this increased support for the Social Democratic Party now with what happened in the 1978 elections but then the Independence Party also lost considerably, resulting in a loss of its majority in Reykjavik. In 1978, the Independence Party was in the government and was party to unpopular measures to reduce inflation. It is not unlikely that dissatisfaction due to economic and employment conditions is the cause of decreasing support for the party now, as it was at that time. There is dissatisfaction among people in many places because of living conditions and wages; that fact cannot be escaped. It is, however, clear that the conditions in each place must be considered in order to obtain the correct picture of what happened there.

The support for the Independence Party decreased by 2.5 percent total from the local elections in 1982. If only the support for the party in municipalities is considered, it seems to be on the average, compared with local elections during the last 20 years, or since 1966. The support for the Independence Party remained relatively stable 1966 and 1970; there was a great increase in support in 1974; the support decreased in 1978; increased in 1982 and is now similar to what it was in 1966 and 1970.

The Progressive Party lost 2.9 percent nationwide and fared very poorly in many places. The position of the Progressive Party now calls to mind the difficulties that the Social Democratic Party had gotten into in 1971 after 15 years in the government. The Progressive Party has been in the government since 1971. The party has become especially weak in the most densely populated area of the country. Although the Progressives in Reykjavik take solace in the fact that they have gained and won compared to the conclusions of the polls, they lost 2.5 percent of the votes in the capital. The Progressive Party is now the smallest party in Reykjavik, excluding the Humanist Party which considered it a victory to overcome the "1 percent wall." Even in Akureyri, the Progressive Party landed in third place after the Independence Party and the Social Democratic Party, and the Progressives lost their majority in Dalvik.

The People's Alliance requested to be viewed as the main competitor of the Independence Party in the election campaign in Reykjavik. The party was leading the left in the city. The response of the Reykjavik voters was not in accordance with THJODVILJINN's arrogance. The People's Alliance increased its support by 1.3 percent in the capital but the Women's List lost 2.8 percent there. Nationwide, the People's Alliance increased its support by 1.8 percent and the Women's List lost 1.9 percent nationwide. It must be assumed that the People's Alliance did not succeed in its plan in these elections. The party did not succeed in attracting the support that left the government parties. The party does not seem to appeal to people who switch parties between elections, if one can phrase it like that. It is likely that the consequences of the elections will be most difficult within the People's Alliance.

Overall, the Social Democratic Party fared best in the elections. The party seems to be the main attraction for those voters who leave the Independence Party. No leader of a leftist party has as often mentioned his desire to cooperate with the Independence Party in the government as has Jon Baldvin Hannibalsson, whatever he will do when there comes time to act. The next elections will in fact be about who will govern the country. The results of the local elections do not give a categorical answer to that, although there is every indication that it would be sensible for the Progressives to look inwards and reorganize their work and policy outside the government.

Editorial Roundup

Reykjavik MORGUNBLADID in Icelandic 4 Jun 86 p 9

[Commentary by 'Staksteinar:' "The Party Organs and the Elections"]

[Text] The three party organs, ALTHYDUBLADID, TIMINN and THJODVILJINN, discuss the results of the local elections in their editorials yesterday. Today, STAKSTEINAR will refer to these editorials.

Social Democratic Party Victory

ALTHYDUBLADID reports:

"The Social Democratic Party is an undeniable winner in the elections. Socialists received more support now in the regional elections than in 1978. The groundwork has been laid for a major victory for the Social Democratic Party in the next parliamentary elections.

The Social Democratic Party received over 20 thousand votes now. In 1982, the party received 13 thousand votes. The increase is therefore over 50 percent.

The Social Democratic Party has increased its support since the regional elections in 1978. Then the party received 16 percent of the votes. When taking into account the Social Democratic Party's participation in 12 joint lists, its support now is between 17 and 18 percent.

The Social Democratic Party is now next to the largest party in the provinces, excluding Reykjavik. In Reykjavik the party has about 22 percent of the votes now. For comparison, the Progressive Party only has 18 percent.

And at the conclusion of the editorial it is stated:

"In continuation of these elections, labor movement followers and socialists within the Social Democratic Party and the People's Alliance must increase their cooperation. Hopes that urgent changes towards increased equality and justice will be implemented in our society are connected with socialists securing their solidarity and forming a strong offensive power left of center in Icelandic politics."

David Oddsson's Position Strong

TIMINN reports:

"In the local elections that took place this weekend, the government parties, the Independence Party and the Progressive Party, lost some support to the Social Democratic Party and the People's Alliance.

Nationwide, the Social Democratic Party received the greatest increase in support , or about 5 percent. The People's Alliance increased its support by almost 2 percent; the Independence Party lost about 2.5 percent and the Progressive Party almost 3 percent.

The Progressive Party's loss in support was most noteworthy in Reykjanes and in the provinces. In Reykjavik, the party's objective to get a representative was reached [as printed:] public opinion polls that there were no possibilities of reaching that objective but that proved to be wrong. That was successful because of very good working methods of the candidates and other supporters of the party who joined forces to ensure the election of Sigrun Magnusdottir on the city council. Her seat on the city council will ensure that the views of the Progressive Party will be heard in the city council and they will be taken into account.

As before, the position of the mayor, David Oddsson, is strong. Despite hard and justifiable criticism he has been subjected to for wilful working methods, the Independence Party increased its support slightly in Reykjavik."

And the conclusion of the TIMINN is:

"The Progressive Party's loss is food for thought and the party leadership must seriously study the election results.

Liberalism Halted

THJODVILJINN reports:

"The undisputed conclusion of the local election is that the aggression of liberalism has been successfully halted. The next task of the socialist powers must be to move liberalism from the secure position it has successfully obtained in the past years.

It is clear that the victors in these elections are the two A-parties [People's Alliance/Althydubandalag and the Social Democratic Party/Althyduflokkur]. Nationwide, they gained considerable support, the Social Democratic Party 4 percent and the People's Alliance also emerged strong from the elections and increased its support by 2 percent nationwide.

In Reykjavik, the People's Alliance received the next to the highest proportion of the votes ever. Only in the great victory of 1978 was the outcome better. The results were better than the polls this winter had indicated; at the beginning of the year, the polls indicated a support below 15 percent for the party. It is clear that during the coming term, the representatives of the People's Alliance in the Reykjavik City Council will apply strict restraint on the Independence Party as promised in the election campaign.

It is, however, clear that the victor in the Reykjavik election is the Independence Party. It was from the beginning expected to win an overwhelming majority, and poll after poll indicated such conclusions. A tough fight by the government opposition parties and certain mistakes in the Independence Party's election campaign, however, created gaps in the party's wall of supporters and the party's outcome in the election was far below all polls. But the Independence Party did nonetheless come away with a good victory."

The conclusion of the editorial is:

"Overall, the outcome is, of course, a setback for the government. The Independence Party lost support in 30 places and the Progressive Party in 24 places. The victory of the A-parties does to a certain extent mark a turning point, as a considerably greater number of people will now see them as a realistic alternative. That will, however, be justified by how well they succeed in achieving solidarity. The election results confirm that liberalism is on the wane. In th wake of that, a demand will be made on the A-parties to attempt to get on a joint course and cooperate in the coming months. Trustworthy cooperation by the parties in the wake of their victory in the past elections could make them a real alternative. The result do therefore afford a starting point which is necessary to utilize soon.-OS [Ossur Skarphedinsson]"

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RECENT POLL RESULTS SEEN FAVORING PS/PSD POLARIZATION

Lisbon EXPRESSO in Portuguese 19 Jul 86 pp 16R-17R

[Article by Jose Manuel Fernandes: "How the Electorate Evolved"]

[Text] Will bipolarization be possible in a political system with five major parties? Anybody who looks at last October's election results will certainly answer in the negative. However, the latest public opinion surveys—especially the most recent interviews with the EXPRESSO-Euroexpansao "Popularidade" panel--appear to indicate a trend among the electorate in terms of being polarized in two major alternate parties, the PSD [Social Democratic Party] and the PS [Socialist Party]. In other words, precisely the two parties which were linked prior to October 1985.

What happened then?

Two distinct but complementary phenomena.

The first was the concentration of the conservative electorate--the former AD [Democratic Alliance] voters--around the PSD. This polarization began rather early on 6 October when Cavaco Silva led his party to a clear victory, a victory which to a good extent was built at the expense of the electoral deflation of the SDS [Social Democratic Center Party].

Several months later, the hegemonic tendency in the PSD was boosted in the local self-government elections. If we correct those earlier results, taking into account the existence of coalitions, then the vote for the PSD will have been equivalent to about 35 percent, in other words, 5 percent more than in October. Freitas do Amaral's presidential campaign was the next step in this development, not only because of its good election results--the conservative bloc never got as many votes before--but also because of his defeat which left Cavaco Silva alone in the leadership of the Portuguese Right.

Cavaco Deflates CDS

This is why we are not at all surprised by the results of the recent surveys which credit the PSD with more than 40 percent of the voting intentions.

On the one hand, this strengthened Cavaco Silva's predominant position; his public image is even better among the CDS voters than among those of his own party. The prime minister's action is considered "good" or "very good" by no less than 92 percent of the CDS voters who made up the panel, whereas, among the PSD voters, his positive score is only 83.1 percent. Even among the centrists, Cavaco Silva got marks that were very much better than its current leader, Adriano Moreira, who only got 57.5 percent of the applause.

On the other hand, the election decline of the CDS, which was predicted in that survey, is almost exclusively due to a shift of votes to the PSD; out of every 100 centrist voters in October, 49 would now vote social-democratic and only 45 would remain loyal to the party of Adriano Moreira.

The movement which, on the left, seems to be leading to the concentration of voting intentions in the PS is more complex. Paradoxically, we can say that this movement began on 6 October, not with the election failure of the PS but rather with the eruption of the PRD [Democratic Renewal Party], a party which managed to take votes away from the APU [United People's Alliance], an apparently unshakeable force.

PRD Between PS and APU

The recovery of the PS in the local self-government elections may have been rather slight but the success of Mario Soares in the presidential elections and the recent victory of Vitor Constancio at the Congress in the Sports Pavilion mark three moments of growing strength of the PS as an alternative to the bloc that was polarized by Cavaco Silva.

But, for that, socialists need to capture votes simultaneously among the Renewal Party members and among the communists.

Let us begin with the PRD, a party which continues to be difficult to define. While the party's leadership displays an increasingly "centrist" form of behavior, halfway between the administration and the opposition, the Renewal Party electorate, according to this panel, prefers to be a bridge between the PS and the APU. The image of Cavaco Silva and his administration, for example, is better among the socialist voters than among the Renewal voters. The criticism of the action taken by the Assembly of the Republic is stronger among the PS voters than among the PRD voters.

In answering the three questions put to the last EXPRESSO-Euroexpansao panel--"Should the prime minister have submitted the motion of confidence or should he not?"; "Do you think that the deputies are in the process of hindering the administration?"; and "Did the confidence motion strengthen or weaken the administration?"--the average of the responses from the Renewal people was on two occasions (for the second and third questions) between the average or the responses from the socialists and those from the communists.

Thus, if we were to construct tables that would give us a picture of the differentiated position of the electorate, both in relation to these specific questions, and as regards the opinion of the action of the political leaders, then the PRD would almost always come out between the PS and the APU and not between the PS and the PSD.

We are therefore not astonished that the election defeat of the party of Herminio Martinho and Ramalho Eanes above all tended to favor the socialists; for every 100 Renewal votes in October, only 60 would today stick with the PRD, whereas 25 would switch to the PS and 13 would go to the PSD.

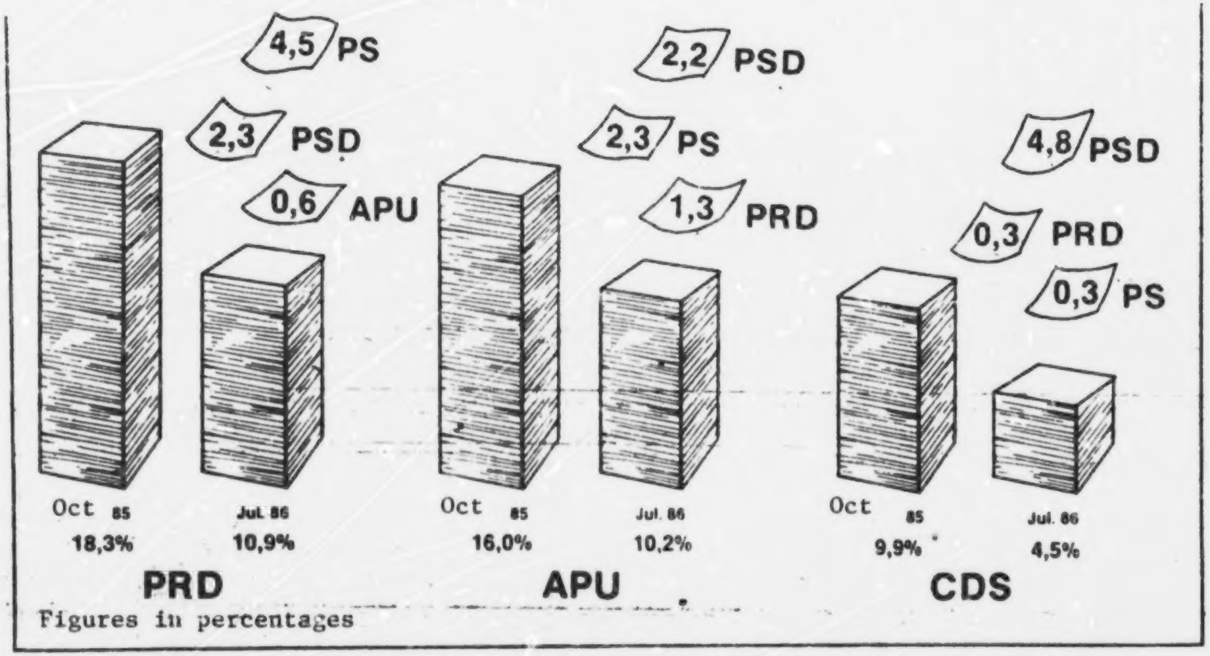
Constancio's Triumphs

This vote shift would be further favored by the good image which the current socialist leader has among the Renewal voters. In getting 51.2 percent positive marks, Vitor Constancio turned out to be better than Ramalho Eanes and Herminio Martinho, both of whom got 34 percent.

Besides, Mario Soares' successor as leader of the PS also has an excellent image among the APU voters, a factor which certainly contributed to the shift of votes between the two parties.

The former governor of the Bank of Portugal not only has a better image within the APU then he does within the PS (66.8 as against 65.1 percent); among the communists, he also has a score that is very much higher then that of Alvaro Cunhal who did not get more than 39 percent.

According to the July panel, the APU election decline is not due only to the shift in votes to the PS. There is also a shift to the PSD and to the PRD. This latter party even appears to be playing a "middleman" role in the switch from the APU to the PS, thus contributing to the deflation of the coalition of the communists without which bipolarization would not be possible.



The Bipolarization Votes. These graphs compare the October voting with the July 1986 voting intentions, giving the reader a simplified idea of the shift in votes from the parties that are about to become the victims of "bipolarization." Some of these shifts however are materializing through abstention, which was not considered here.

Prestige of Leaders

Vitor Constancio: APU, 66.8 percent; PS, 65.1 percent; PRD, 51.2 percent; PSD, 30.5 percent; CDS, 23.6 percent.

Cavaco Silva: APU, 16.2 percent; PS, 42.9 percent; PRD, 23.3 percent; PSD, 83.1 percent; CDS, 92.9 percent.

The percentage figures given for Vitor Constancio and Cavaco Silva refer to the voters of each of the parties that described their performance as "good" or "very good."

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POLL RESULTS ON CAVACO SILVA, PARTIES' POPULARITY

Results Favor PM, PSD

Lisbon SEMANARIO in Portuguese 19 Jul 86 p 64

[Text] According to a poll commissioned from Norma to which we gained access, about 65 percent of the Portuguese have a good impression of the prime minister, mentioning in particular his intelligence (78 percent), authority (71 percent), leadership ability (71 percent) and competence (70 percent). In the opinion of 63 percent, Cavaco Silva is someone you can talk to, and 65 percent find him a likeable politician.

The same poll indicates that if elections were held now, the PSD would get 38.4 percent of the votes, the PS 21.1 percent, the PCP 16.1 percent, the PRD 11.3 percent, and the CDS 7.1 percent. Some 25.7 percent of voters would abstain.

The principal beneficiary of the decline of the PRD would be the PSD, which would win 17 percent of the reform vote, followed by the PS with 9 percent. Half of the Eanista electorate reveals a willingness to keep voting for the PRD; 21 percent of that electorate appears hesitant.

In response to the question "What has been the best government since 25 April?" the poll puts the present administration in first place (31 percent) followed by the Sa Carneiro government (14 percent) and the first Mario Soares administration (9 percent). The government of the Central Bloc is considered to have been one of the worst (2 percent).

Furthermore, 44 percent believe that the present government is better than the previous one, while 9 percent think it is worse and 37 percent find it to be about the same.

In rating Cavaco Silva's performance as prime minister, 9 percent of those surveyed consider him very good, 30 percent good, 39 percent neither good nor bad, 11 percent poor, 2 percent very poor, and 9 percent have no opinion.

The field work for this poll was done in the beginning of July (right after all the party congresses were held) and was based on 2,400 interviews. (See Jose Miguel Judice's comments on the poll, page 16 of this issue).

Caution Advised

Lisbon SEMANARIO in Portuguese 19 Jul 86 p 16

[Commentary by Jose Miguel Judice: "Congratulations, Cavaco Silva!"]

[Excerpts] The "Norma" poll referred to on the last page has a political significance that cannot be dismissed lightly. On the one hand, because of the credibility of the polling organization that conducted it; on the other, because of the universe employed (nationwide) and the very large number of respondents (2,400). There is only one way to state the conclusion to be drawn from the results available: "Congratulations, Cavaco Silva."

The most important of the findings, in my opinion, is that 31 percent of all Portuguese consider that the Cavaco government is the best since 25 April, supplanting--for the first time--the Sa Carneiro administration (28 percent in December and 14 percent now believe that the latter was the best.) Besides all the other implications, this means that--if he makes no serious errors--Cavaco Silva will come to occupy the place in both the imagination and in the intellectual judgment of the Portuguese that belongs to the Head of Government par excellence, the one who serves as a standard of reference for judging all those who come after him. This is a pleasant consequence on the historical plane and an extremely strong personal political weapon which will make it very unlikely that public opinion will abandon him, even in a time of trouble--plus impeding any change in administration except through elections.

The second more relevant aspect of the survey results--again, from my standpoint--is the forecast of the popular vote for the various parties. If the other parties maintain their relative positions, the percentage for the PSD (38.4 percent) enables one to acknowledge as possible--although improbable --the achievement of an absolute majority: in last October's elections the PSD and CDS won almost 40 percent, which on combined slates would have enabled them to win an absolute majority because of the proximity of results among the PS, PRD and PCP.

But the voters' intentions reveal something else, too: it is unlikely that the PS will lose its place as the ranking opposition party, although it is not yet clear that the PRD will not be able to recover some support now that Ramalho Eanes is taking an active role in the leadership of the party. This means that Vitor Constancio is still far from being able to aspire to the noble status of alternative to Cavaco Silva. To do so he needs to win--as Mario Soares did in the presidential campaign--the "primaries of the Left."

Furthermore, it is significant that the PCP has lost practically no votes in relation to October, 1985; that the abstention rate is about the same as it was (which is a sign that an important number of Portuguese do not actively support the regime); that the CDS is holding up better than one would think (although falling still further from its October level in what seems to be due to a voter shift to the PSD). Finally, it should be pointed out that one-fifth of the PRD voters of a year ago have shifted to the PSD, in what also seems to be the "perverse" result of the strategy that Eanes' party has been following and of the choice he made in placing himself "at the center" in the Assembly, in a sort of self-immolation for the sake of the lost cause of the central bloc.

Those results, which by all indications are very reliable, pose a dilemma for Cavaco Silva that will probably stay with him through the summer: Should he try to resist the trend and govern as much as possible in the hope of fetching two or three more points that will ensure an absolute majority? Or should he act in such a way that the Government falls while it has a percentage of support that is close to an absolute majority?

The third important apsect to consider is--in my opinion, once again--is the one that constitutes the least positive result for Cavaco Silva. I refer to the fact that only 39 percent of the respondents felt that he is performing the duties of prime minister well or very well. It is true that this is an excellent rating, whether in comparison to previous Portuguese experiences or in relation to what has occurred in other countries. It is true that only 13 percent believe he has been carrying out his duties poorly or very poorly. It is true, furthermore and especially, that since December, 1985, the proportion of positive votes has risen from 28 percent to 39 percent (although the negative votes have risen too--from 9 percent to 13 percent.) But it is also undeniable that there still exists great skepticism among the electorate (39 percent feel that he is performing neither well nor poorly.) In order to gain a better notion of the precise meaning of this response it would, however, be valuable correlate it with the vote for the various parties.

We have left to the end our attempt to interpret the most overwhelming response which, however, has less medium-term (6 months to 1 year) political significance than any of the others. I refer to the responses concerning the prime minister's image, on each aspect of which he received favorable responses that ranged from 61 percent to 78 percent. This is rather remarkable, and it is amazing that the figures are so similar. What this means in political terms is that "selling" the Cavaco Silva image, under present circumstances, is a task that is only complicated by being too easy. We have here a political leader whom the voters, in the final analysis, believe to have no weak points, who is good in everything, who has only fine characteristics.

But, in my opinion, the low degree of sophistication of the Portuguese electorate makes it wise not to give any special prominence to this indicator. On the one hand, because it is a highly volatile sort of popularity, as Ramalho Eanes must be realizing now. On the other hand, because the natural tendency of unsophisticated voters is to distribute praise and criticism equally, depending on whether the personality is agreeable or admired or, on the contrary, unpleasant or disliked. The case of Mario Soares proves that nothing is irretrievable over the medium term. Which means, too, that everything can also be lost very rapidly.

Be that as it may, a poll such as this one shows that Cavaco Silva is about to become the greatest political phenomenon of the present regime, since the death of Sa Carneiro made him a mythical personality that did not have time to endure. Cavaco Silva has a road paved wity probable successes ahead of him and those who, for one reason or another, have to oppose him deserve our sympathy. Perhaps because of this the only precaution needed--as centuries ago someone advised--is that there be someone at his side who will continually say to him "remember that you are human." Because there will surely be plenty of people around him who will treat him like a demigod.

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CENTRISM, NOT BIPOLARIZATION, SEEN WAVE OF FUTURE

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Jul 86 p 7

[Excerpt] The PS [Socialist Party] leadership is looking toward the type of electorate which this party created down through the years. At least, it cannot try to achieve a rapid transition in political actions toward technically rigorous and temperate attitudes.

The political struggle for the center, moderate electorate, dominated by the majority middle classes, constituted the essential effort of the political parties that can aspire to benefit from the favors of that area. Talking about bipolarization entails the risk of concentrating the political effort on the extremes or toward the extremes of the electorate, thus permitting others to broaden their political influence in the center.

All political evolution in Western Europe runs in the direction toward ever greater social homogeneity and majority political control of the middle classes.

The defense of the values of liberty, democracy, solidarity, the primacy of law, of decentralization, and the rule of technical progress is typical of the center electorate and solidarity can be rejected only by the conservative liberals in their concrete and extensive forms.

Could one argue that the ideas of participation, cooperation, and socialization of enterprises, as typical values of socialism, have the political strength needed to win the sociological majority and then the majority of the electorate? Or will these values be sufficiently polarizing in the area of social democracy and democratic socialism to win votes away from the center and allow majority administrations?

These are not idle questions in the face of the almost inevitable prospect that the PSD [Social Democratic Party] and the PRD [Democratic Renewal Party] might get together with objectives that differ but that converge in practice: without early legislative elections, the PSD cannot rule much longer unless it allies itself with the PRD. As a matter of fact, it could thus kill two birds with one stone because it would seek to absorb the main body of the PRD and it would stabilize and give confidence to the potentially investing middle class whose investments are slow in coming primarily because of the lack of confidence in a minority administration which moreover threatens to become permanent.

But such an alliance is vital for the PRD not only because it would try to hinder the breakup and the election decline but also because it would obstruct the trend toward the foreseeable dilution of the PRD in the PS; that would allow Eanes to complete the expansion of his own party area which began to the left of the PS and which would be completed in the center-right of the PSD. If this desired outcome should materialize, then the magic spell would turn against the magician, or, in other words, Cavaco Silva would be clipped by Eanes.

Thus put, the question is especially grave for the socialists. If the declared intention of Vitor Constancio is not to take any political initiative in view of the decline of the current administration, then the PS could come to be a spectator in the consolidation at the center, either due to the action which Constancio calls the "conservative and liberal bloc" or due to the action of Eanes' PRD.

This tactic (or its absence) is all the more preoccupying since it is certain that various personalities, linked to the PRD and/or to Eanes, declared or demonstrated that Constancio's victory points to the nonjustification of the PRD and therefore to the strengthening of the central group against the PSD.

Bipolarization cannot obtain these results. In short-range terms, one cannot foresee the significant enlargement of the area of the PS, within the democratic Left, at the expense of a decline among the electorate of the APU and the PCP [Portuguese Communist Party]. The proposals and action of the PS--no matter how much better and more valid they may be--cannot, as their sole merit, claim that they are going to bring about some sudden turnaround in the 6 October 1985 election results. The PS leadership must look toward the type of electorate which the PS created down through the years or, at least, it cannot try to achieve a rapid transition in political actions toward technically rigorous and temperate attitudes.

If this were not so, we might, in the near future, witness a dispute over the leadership of the moderate political center, not between Constancio and Cavaco but rather between the latter and Eanes.

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CSO: 3542/130

PCE REJECTS UNITY NEGOTIATIONS WITH CARRILLO

Madrid DIARIO 16 in Spanish 3 Jul 86 p 7

[Article by Rafael Quintero]

[Text] Madrid—Reaffirming the policy of cooperating with parties that consider themselves leftist and behave accordingly, and achieving unity among all Communists, are two of the goals that the Communist Party of Spain (PCE) intends to pursue. The PCE executive committee met yesterday.

Francisco Palero, secretary of organization and acting spokesman for the PCE, made it very clear, however, that this desire for unity does not include the former PCE secretary general and current leader of the Committee for the Unity of Communists, Santiago Carrillo.

Palero asserted in this regard that "the PCE has always been open to the unity of all Communists, but with respect to Carrillo, we have the same position as always. United Left (IU) lost five or six deputies in the last elections precisely because of Carrillo, and this enabled the Spanish Socialist Workers Party (PSOE) to obtain an absolute majority in a joint effort with Alfonso Guerra."

"For this reason," added Palero, "we do not plan any discussions with Carrillo, who has been a disruptive element. There is no room for any negotiation with him, because we are not willing to fall into false delusions of unity."

At another point in the press conference, Palero stated that "Carrillo, like all Communists, may return to the PCE whenever he likes. To do that, all he needs to do is to apply for membership in his respective local, and the latter will decide. There is no negotiation of any other kind."

As for the formation of the United Left parliamentary group along with the deputies for Euskadiko Ezquerra, the Communist spokesman parried the assertions by Vice-President Guerra to the effect that it constituted a fraud under the law.

"There is no such fraud," contended Palero. "We are following the regulations to the letter, on the one hand bringing together nationalist leftist movements, and on the other hand allowing the voice of an important sector of society to be heard in Parliament."

In his opinion, the PSOE will not be able to prevent the IU from forming its own group, "even though it will seek every possible means to prevent it. It will be very difficult, because with the support of Euskadiko Ezquerra we have 5.5 percent of the votes, and that is indisputable."

The three fronts on which the PCE will focus its efforts in the near future will be: strengthening the United Left coalition in preparation for the upcoming municipal elections, preparing for the 12th party congress (which could be delayed until early next year), and parliamentary work.

In the latter case, it plans "to combine institutional action with action in the streets, with the philosophy that the group should pursue a different policy," according to Palero. He added that nothing has been agreed upon in terms of the roles to be assumed in the coalition. This matter may be discussed today by the United Left political council.

As far as the future of the coalition is concerned, Palero was ambiguous. He initially argued that "The PCE does not intend to move in the direction of an exclusionary policy," but later he explained that "this coalition was formed exclusively for the general elections," and acknowledged that during the last campaign "these parties contributed unequally, with a minor impact."

In view of the upcoming municipal elections, "the political appropriateness of these alliances will be studied in each specific case, in each community," asserted the Communist spokesman.

The PCE executive committee termed the results of the past elections "moderately optimistic," although its spokesman claimed that the number of seats won was insufficient. "But it gives us a chance to get going."

The Communist Party wants to promote the policy of forging alliances with other forces with an eye on future electoral commitments. For this reason, it does not reject the notion of negotiations with nationalist leftist parties such as the Galician Left or the Republican Left of Catalonia. Moreover, they are confident they will be able to arrive at some kind of agreement with the "pro-Soviets" of the PCC.

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CSO: 3548/72

OPUS DEI REPORTEDLY INVOLVED IN RUIZ MATEOS AFFAIR

Swiss Account Details Revealed

Madrid EL PAIS in Spanish 21 Jun 86 p 57

[Article by Jesus Cacho]

[Text] Madrid--Jose Maria Ruiz-Mateos yesterday exhibited 15 photocopies of as many transfers through two Swiss banks in 1979, 1980, 1981 and 1982 to two companies that allegedly have ties with Opus Dei. The transfers total $6,411,157, which at the current exchange rate is equivalent to 910 million pesetas. Ruiz-Mateos had reported on Wednesday 18 June that he had donated a billion pesetas to Opus Dei through Switzerland.

All of the transfers were made from the Union de Banques Suisses (UBS) in Geneva through two other Swiss banks, Nordfinanz Bank and Societe de Banque Suisse, both based on Zurich, to two companies that allegedly have ties with Opus Dei and that have hitherto not been mentioned in the saga of the expropriation of Rumasa: Riverinvest and Stanley Brothers and Co.

In any event, what is involved is the movement of capital that had previously been placed in Switzerland. It was money that the founder of Rumasa had taken out of the country through Banco del Norte and deposited in the Banco de Jerez in London or unrepatriated money from the sale of sherry overseas.

The first of the 15 transfers is dated 30 April 1979. Like all of them, it was made from the UBS office at 8 Rue de Rhone in Geneva, with an order to the Nordfinanz Bank in Zurich to deposit $142,850 in account number 3927-24 of the firm Riverinvest.

Wiederkehr the Key

The Nordfinanz Bank, whose president is Arthur Wiederkehr, a key man in the creation and expansion of Rumasa overseas, is a discreet little bank at the end of Zurich's famous Bahnhofstrasse. The money that left through Banco del Norte arrived at the Banco de Jerez in London, from which point Wiederkehr's expert hand sent it in various directions. Large amounts that were supposedly invested in Panamanian companies, of which Wiederkehr himself was the president and depositary, went straight to the Nordfinanz Bank in Zurich.

Part of the money that accumulated there was used at one point to pay the 10 million mark bond that the German courts demanded as bail for Ruiz-Mateos.

In 1979, according to the photocopies, five transfers totaling $822,568 were made to Riverinvest. Together with another in February 1980, $1,580,143 in all was transferred to Riverinvest through the Nordfinanz Bank.

As of February 1980, the remaining nine transfers went to Stanley Brothers and Co., to account number 3770730. Two were made in 1980, four in 1981, and three in 1982; the total amount was $4,831,014. The last transfer is dated 22 November 1982 and was for $416,112.

The press offices of Opus Dei in Spain stated yesterday that they had no idea of the two companies' ties to Opus Dei and underscored the difficulty of verifying such ties, "given the complete autonomy of Opus Dei in each country."

Separately, Ruiz-Mateos' attorneys announced yesterday that they had submitted an urgent petition to Judge Barcala asking him to allow the businessman to travel to Jerez to visit his mother, who the attorneys alleged suffered a stroke last Tuesday. The attorneys allege that the law supports Ruiz-Mateos' visitation rights, especially since he is in pretrial detention. Ruiz-Mateos has thus decided not to jump bail, as he had announced, and head for the Andalusian city on his own.

Opus Dei Responds

Madrid EL PAIS in Spanish 21 Jun 86 p 57

[Text] The Information Office of Opus Dei in Spain yesterday issued a release in which it counters the charges that Ruiz-Mateos made in recent days against Opus Dei members. The following is the text of the communique:

Alejandro Cantero and Juan Francisco Montuenga, members of the regional commission of the prelature, flatly reject the accusations that Jose Maria Ruiz-Mateos made (on Thursday the 19th), claiming that they were involved in unethical and even criminal activities. They reserve the right to take whatever legal action is in order, which they have not done so far lest they aggravate the already inherently delicate situation of Mr Ruiz-Mateos. Furthermore, this office would like to make the following known:

1. Last 24 May, the vicar delegate of the Opus Dei Prelature in Madrid reminded Mr Ruiz-Mateos that he had an obligation to discharge the spiritual, educational and apostolic commitments that he had made to the prelature as a supernumerary member. He also pointed out to him his moral duty to rectify the erroneous and unjust assertions that he had made publicly (or at least that had been attributed to him on many occasions, without his ever having denied them) about the Opus Dei Prelature and certain of its directors.

2. Mr Ruiz-Mateos' statements in recent weeks have seriously distorted the episode and its causes. This office therefore points out that:

a) Like any other member of Opus Dei, Mr Ruiz-Mateos is completely free to disagree with the professional activities of other members of the prelature, who are also completely free to engage in them, and to say so publicly. Therefore, the directors of Opus Dei could not and never have attempted to prevent him from expressing his views on these professional matters with complete freedom, nor have they in any way pressured him into modifying them. As this office has so often asserted, Opus Dei has had and has nothing to do with Rumasa, nor does it intend in any way to judge the professional disagreements between Mr Ruiz-Mateos and anyone else.

b) In January of this year Mr Ruiz-Mateos began to charge publicly (as reported in the domestic and foreign press) and without the flimsiest of grounds that certain directors of the regional vicariate of Opus Dei in Spain had advised him to leave for London and had promised him favorable treatment by the courts. He has also accused these same directors of threatening and persecuting him. He has also charged that the prelature reached an agreement with the government to expropriate Rumasa, which in addition to being false is preposterous. Moreover, since that time Mr Ruiz-Mateos has repeatedly stated that for more than 3 years he has been asking the directors of Opus Dei for an explanation of what happened with Rumasa, falsely insinuating (and in contradiction to his previous statements, as reported by almost all Spanish newspapers on 2 August 1983) that the prelature has been involved in the holding company's activities or expropriation.

c) It was only in the face of such false assertions, which adversely affect Opus Dei and some examples of which we have just cited, that the prelature has reminded him of his moral duty to correct himself.

3. During the meeting that Mr Ruiz-Mateos held at his own request on 24 May with a director of the prelature, Mr Ramon Herrando, Mr Ruiz-Mateos proposed that he prevail upon certain individuals, who he assumed were members of Opus Dei, to resolve his current serious legal and business difficulties. In exchange, he would modify his current attitude towards Opus Dei. Otherwise, he would create a public opinion scandal, he threatened. Logically, Mr Herrando flatly rejected the proposal, reminding him once again that the prelature never has and never could become involved in such matters because they were alien to its purpose. This incident, which Mr Ruiz-Mateos himself made public in part in statements to the paper EL ALCAZAR on 1 June 1986, clearly shows that Mr Ruiz-Mateos is seeking influence and support, which the Opus Dei Prelature never has and never will provide to any of its members because this is not in keeping with its purposes. The Opus Dei Prelature provides spiritual assistance, which Mr Ruiz-Mateos has stubbornly refused in recent months.

4. Yesterday, Mr Ruiz-Mateos released a document, addressed to various government authorities, in which he again makes reference to his conversation on 24 May with Ramon Herrando. According to Ruiz-Mateos, Herrando confirmed to him that a meeting took place at which promises or agreements were made to assure Ruiz-Mateos favorable treatment from the courts. When we contacted Mr Herrando, he asserted that precisely the opposite was the case. When Mr Ruiz-Mateos made that sort of assertion, Herrando told him quite clearly that it was completely untrue.

5. The repeated manifestations of respect for Opus Dei and for its founder that Mr Ruiz-Mateos has made in the press cannot conceal his false claims against the prelature, which at times flatly contradict essential elements of its spirit and history, such as the profound and refined sense of respect for freedom that all of its members have in temporal matters.

6. Moreover, with regard to the donations that Mr Ruiz-Mateos claims to have made, we state the following:

a) The Opus Dei has never been financed by Rumasa or by its president.

b) It is well known that Mr Ruiz-Mateos regularly answered requests for aid from a wide variety of persons and institutions (civic, cultural, athletic, etc) and from agencies of the Catholic Church as well as for welfare and educational activities promoted and financed by members of Opus Dei, along with many other persons. This was an honorable, aboveboard activity that reflected a sense of fairness in a wealthy person who uses his money to help the needy. It does not seem reasonable to cast a suspicious light on and to denounce aid that reflects a sense of solidarity and charity.

d) Lastly, in relation to the Institute of Education and Research, we reiterate once again that it does not belong to Opus Dei, nor has any activity entrusted to Opus Dei received aid from the institute.

7. In conclusion, this Office of Information wishes to state officially that it is not motivated by any desire to engage in controversy; rather, it seeks to furnish information that bears on the truth about and the good reputation of various individuals and of the Opus Dei Prelature. At the same time, the office expresses its wish that all of Mr Ruiz-Mateos' problems be resolved satisfactorily and the he find the peace and tranquility he needs to deal in an unruffled manner with all of the events in his life.

Investigation Into Payments Hampered

Madrid EL PAIS in Spanish 23 Jun 86 p 65

[Article by Javier Garcia]

[Text] Madrid--High-level police officials obstructed the investigations into the Rumasa affair after the Socialist government's expropriation of the holding company and hampered the inquiries into an alleged flow of funds to Opus Dei leaders, police sources who took part in these operations have told this paper. Sources close to officer Juan Jose Medina, the man in charge of the investigation into the Rumasa affair, have asserted that he intends to take legal action against high-level police officials for alleged crimes of concealment and breach of trust.

Sources at the General Directorate of the Police told this paper that they had nothing to say in response to the charges. The investigation into the Rumasa affair was conducted by the Interior Brigade and was specifically entrusted to Juan Jose Medina by his superiors in February 1983.

The police investigators contacted several Rumasa executives and located an important informer, who told them that he himself had been involved in the delivery of large sums of money to people who are now after Ruiz-Mateos. The executive, who is a confidant of Ruiz-Mateos, specified that some of the people who benefited from the expropriation belonged to Opus Dei.

Threats of Expulsion

According to police sources, this information was handed over to high-level police officials, who recommended closing the investigation, arguing that it would lead to "people to whom we owe a lot."

Later, when the head of the Interior Brigade, Mariano Baniandres, and Juan Jose Medina were on the verge of concluding a major investigation into bills that Ruiz-Mateos allegedly forged to defraud the State, the two were stopped by their superiors. Police sources assert that Medina continued the investigation on his own and later received direct orders to halt his inquiry unless he wanted to be fired from the police force.

Transfers

The Rumasa informer specified, again according to the same sources, that Ruiz-Mateos fell because the Banco Ambrosiano had asked the owner of the holding company for a blank endorsement and when he refused, "persons linked to Opus Dei received instructions to destroy him."

According to police sources, the men in charge of the operation were Alejandro Cantero and Francisco Montuenga. The informer reportedly told the police sources that he was not sure whether Ruiz-Mateos' donations were for Opus Dei or for the two men directly.

Ruiz-Mateos recently made public 15 photocopies of as many transfers through two Swiss banks in 1979, 1980, 1981 and 1982 to two firms with alleged ties to Opus Dei. The total amount of the transfers was $6,411,157, which comes to 910 million pesetas at the current exchange rate.

The photocopies, some of which EL PAIS has seen, show that the transfers were made through Bankunion in two Zurich-based Swiss banks to the firms Riverinvest and Stanley Brothers and Co, which until then had not been mentioned in connection with the Rumasa affair.

Countering the charges by Ruiz-Mateos, the Opus Dei press office in Spain stated that it was unaware of the two firms' links to Opus Dei and emphasized the difficulty of verifying them "given the complete autonomy of Opus Dei in each country." This newspaper has so far not been able to verify the purported links between the two firms and Opus Dei.

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NEW IMMIGRATION POLICIES QUESTIONED

Repatriation Funding Encouraged

Paris LA TRIBUNE DE L'ECONOMIE in French 20 Jun 86 p 16

[Article by Francois Charpentier]

[Text] The first "discussions with ONI (National Immigration Office)" gave Jean Arthuis, secretary of state for employment, the opportunity to outline the government's repatriation assistance policy. The topic at rue de Grenelle: compensation for benefits earned by immigrant workers.

Under existing rules, an immigrant worker can claim repatriation benefits if he has been laid off. Under this sort of "forced voluntary repatriation," he is entitled to receive a lump-sum allocation ranging from 80,000 to 150,000 francs depending on seniority and classification. The State contributes in part to this assistance (travel expense, moving allocation and up to a maximum of 20,000 francs in aid to a reintegration project). Unedic adds two-thirds of the conventional unemployment insurance benefits or the remainder of these benefits. The employer's share of this lump-sum allocation is determined by agreement.

Jacques Chirac's government has initiated a review of this system and intends to implement true voluntary repatriation measures. Any foreign worker who so desired could receive repatriation funding. A bill is now under review and should be ready in September. Beyond this, Mr Jean Arthuis does not conceal the fact that he questions implementation of measures for compensation based on benefits earned. Under the current system, only unemployment benefits are included in the final payments. Why not expand this principle to include other vested interests, such as retirement benefits, for example?

The idea deserves some thought. However, it should be noted that the solution adopted in Germany has proven to be extremely costly.

An immigrant could leave with benefits in excess of 300,000 or 400,000 francs. In fact, the system was not extended beyond 30 June 1984, although according to a Bundesrat report, 300,000 foreigners, mostly Turks and Yugoslavs, left the FRG during the period of application of this system.

In France, where the existing system has reached its limits (approximately 20,000 individuals had turned in their residency permits as of 31 May), the effectiveness of this type of measure should be questioned. Would a substantial increase in benefits result in an increased number of departures, and what would the consequences be for the French economy?

The labor unions attended the ONI discussions and remain perplexed. In the short run, they fear that the proposed extension of repatriation funding will provide a false freedom for those concerned.

In addition, while they hope that local municipalities will participate in this effort, they fear that enterprises will be exempt because the connection with layoffs will be severed. In any event, they are requesting a meeting with the national council of the immigrant population (CNPI) before making a final decision. This body should meet before the end of the year.

Pasqua Defends New Bill

Paris LE FIGARO in French 10 July 86 p 6

[Text] The discussion on the draft bill on conditions of entry and residence of aliens in France began yesterday afternoon in the Assembly, in an atmosphere dominated by outside events: the rue de Mogador accident, which the Left attempted to exploit at the beginning of the session; the attack on the brigade for repression of crime which was the reason for Charles Pasqua's motion to adjourn the session in mid-afternoon.

At the outset, Pierre Joxe, chairman of the Socialist group, motioned for a return to the rule, calling for the minister of the interior to "discuss the very serious events crimes of last week which resulted in the loss of human life."

The minister did not defer to this motion and Jacques Toubon, president of the RPR group, invited Charles Pasqua's predecessor in the ministry to show some reserve, since election results were cancelled in two departments; "following fraudulent actions, some were manipulated by the former minister of the interior, others were covered by him." Mr Joxe responded that "the prefectoral body would pass judgment on Mr Toubon's allegations." Mr Ducolone, chairman of the Communist group, and Mr Labbe, chairman of the UDF group, also intervened--the first to criticize, the government, the latter two to request a bit more discretion on the part of the opposition.

Mogador: 'Biased Reporting'

After the draft bill was introduced by Mr Mazeaud, reporter of the laws committee, Charles Pasqua stated the following: "At the end of last week, the police force was implicated in two tragic events, a runaway driver was killed and a policeman died in the line of duty. Our thoughts are with the victims. With respect to the first incident, I was floored by the biased reporting in the major media. The official involved was treated as guilty even before the outcome of the investigation. If the investigation concludes that Gilles Burgos is innocent, I will take every step needed to ensure that he is reinstated; otherwise, he will be punished."

In addition, the minister of the interior announced that in the wake of the constitutional council's decision to invalidate the results of legislative elections in two departments, the prefect of Haute-Garonne renounced his office, leaving it to the government, which would "thus assume the responsibility for making a decision which he did not make."

Charles Pasqua then presented the major facets of his draft bill. The acceptance of inadmissibility defended by Jean-Marie Bockel, against which Jean-marie Le Pen pleaded, was then rejected. The minister of interior then requested that the session be adjourned to visit the site of the attack on the brigade for the repression of crime.

Before even reviewing the major aspects of the government's emigration policy and presenting the text of the draft bill, Charles Pasqua, minister of the interior, first refuted the attacks on this bill. Mr Pasqua also sought to define the place occupied by foreigners in the French nation.

"One thing that makes a people great is its openness to the world and its international influence. Another is its ability to embrace foreigners. In this sense, France is a great nation. Throughout history, her language and culture have spanned the oceans, and she has always welcomed her adopted children with open arms. Foreigners in difficulty, political refugees, men and women in need have never been turned away from her door. Throughout the centuries, millions of foreigners have set their roots in our soil and have become true Frenchmen. France today is an amalgam of these individuals from diverse origins."

For Mr Pasqua, France has thus acquired a "well-deserved reputation of a land of welcome, a land of asylum which has contributed to its universal prestige." After providing a historic overview of emigration during the past decades, the minister of the interior noted that the givens of the equation have changed. Integration is now proving much more difficult, particularly for populations of North African origin whose customs, traditions and beliefs differ from our own.

Development of Xenophobia.

In addition, the policy initiated in 1981 of legalizing the status of illegal immigrants has had "disastrous consequences." It was a psychological incentive for aliens to enter France illegally. "French people are not racist by nature," states Mr Pasqua, "but in the face of this continuous increase in the foreign population, reactions that come close to xenophobia have been elicited (...) The political exploitation of this phenomenon is dangerous because it can help breed an atmosphere of intolerance in our country." When a political movement campaigns on the platform of "Frenchmen first," its audience will likely interpret this to mean "oust the foreigners."

Mr Pasqua recalled the ideology of the Gaullists in their struggle against Nazism and explained that "the government has undertaken the task of defining a new emigration policy that will reconcile the necessities of realism with a generosity which conforms to our national tradition." The policy defined revolves around three facets: 1) defense of the vital interests of France and the French; 2) respect for the dignity and the rights of foreigners residing on our soil; 3) aid for development to their country of origin to help these nations to provide jobs for their repatriated nationals in the short run.

The draft bill is only one component of immigration policy. Foreigners who abide by the laws of the Republic are indeed entitled to social benefits, to a family life, therefore to education for their children, to community life, to decent housing. They have the right to work and to training and to unemployment conpensation. According to Mr Pasqua, "the difficulty of the economic and social situation does not give anyone the right to compromise these principles."

Charles Pasqua spoke of the government's desire to reflect upon the issue of nationality. "It plans to eliminate automatic methods of acquiring French citizenship."

This is not due to a frosty retreat but to a desire to ensure that in an era marked by the respect for the individual, those who are French other than by birth "want and merit citizenship."

The draft bill does not allude to the right to aslyum, it does not implicate the principle of the family unit and it does not implicate the right of residence of second-generation offspring.

The two goals of the draft bill are the following:

1. to reduce illegal immigration, thus helping to control the flow of immigrants;

2. to improve the efficiency of the struggle against foreigners who constitute a threat to the public order.

Intensified Controls

On the first point, Mr Pasqua specified that border controls would be intensified.

The second objective is to wage a more efficient battle against foreigners who constitute a threat to the public order and violate our laws. The draft bill provides for the possibility of expulsion if the presence of the foreigner on our soil constitutes a "threat" and not, as in the existing law, a "serious threat."

As for this notion of threat, which is unclear according to some sources, Charles Pasqua specified that this old republican notion obviously does not exist in the form of a list of cases; it has been defined in numerous cases of administrative jurisprudence, particularly in numerous Council of State orders.

"As for those foreigners who threaten public order," specified Mr Pasqua, "it is clear that we are determined to keep them away from French territory. France's tradition of welcome cannot be invoked in favor of criminals, lawbreakers and in general, all of those who hold our hospitality and our laws in contempt."

In conclusion, he explained that in sum, the draft bill is "a balanced text which takes into account the requirements of immigration control and also those of respect for human rights and integration into our society of those foreigners who wish to settle permanently in France."

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POLL SHOWS UNIONS BECOMING MORE MILITANT

Paris LE NOUVEL ECONOMISTE in French 27 Jun 86 pp 38-44

[Article by Henri Gibier based on exclusive IFRES poll conducted for LE NOUVEL ECONOMISTE from 4 to 12 June 1986 with a representative national sample — 964 persons 18 years of age and over — selected in accordance with the quota method (sex, age, CSP, region): "The Unions Face to Face with Chirac"; first paragraph is LE NOUVEL ECONOMISTE introduction]

[Text] More and more well-attended union rallies, poor polls, recurrent strikes in the public sector and puzzled employers: 100 days after the 16 March victory, Mr Jacques Chirac's government is going through a few "days without," as they say in Correze. Do they foreshadow a "hot" return from vacation in the fall like the threat of one stirred up by Mr Edmond Maire during one of his latest fits of anger? According to the semi-annual poll conducted by IFRES [not further identified] for LE NOUVEL ECONOMISTE, 51 percent of these French who during a period of 2 weeks were in succession deprived of television, trains, the subway and buses believe that there will be a deterioration of the labor climate during the next few weeks. But 60 percent of them feared it in October 1985.

In spite of everything, the fact is that for the time being the weak point of Chirac-style liberalism lies in the labor situation. Another telltale indication: Messrs Edmond Maire and Henri Krasucki, the two union leaders most critical of the government's action, achieved the two highest advances in favorable opinion in this same poll. At a time when the government is getting ready to make painful decisions in the shipbuilding, Social Security and many other "limping" sectors of French industry, the risk of seeing the political and labor opposition equate liberal with antilabor is being confirmed.

During the morning coffee hour on Thursday, 12 June, sensing that the storm was about to break, Mr Chirac took the initiative to summon some of the "heavyweights" of his team, including Messrs Philippe Seguin and Edouard Balladur, to recommend to them that they introduce more concern for labor issues in government communication. "Don't let yourselves be swallowed up by technocracy," he pleaded with his ministers with an altogether new insistence. Four days earlier the prime minister had received Mr Andre Bergeron, who had come to tell him just about the same story, for a private talk. "When I would like to come out ahead in a labor arbitration," a minister concluded, "rather than call the person responsible for the case, I would try to win over Mr Bergeron to my cause."

Face

The secretary general of the Workers Force (FO) owes the role of advisor to princes which he affects more to the personal attraction he exerts on the public than to the strength of his organization. The other Tuesday, the day FO officials protested against the freezing of Civil Service salaries, would have gone unnoticed if Mr Bergeron's familiar face and thunderous voice had not been widely seen and heard on television and the radio pointing out to France the profound importance of the event. For lack of being a "cultivator of strikes," which he denies on every occasion, the quiet labor movement man "cultivates the media" in a way unparalleled among his peers. To win the "labor communication" battle, specified as one of the priority objectives for the next few months by the Matignon [prime minister's office], the liberal coalition will have to handle Mr Bergeron with kid gloves, as did the Socialist majority before it.

A job as troublesome as it is imperative under the present circumstances. Of course, for the seventh time out of the nine popularity polls published by LE NOUVEL ECONOMISTE since May 1982, the dean of the labor movement has come out ahead of all the labor leaders. But his more than courteous cohabitation with the mayor of Paris has cost him a slight disintegration of his rating. At the last meeting of the FO National Confederation Committee, the federation's assembly, Mr Bergeron himself acknowledged that 60 percent of his followers are already recruited from the liberal camp and 40 percent from among the Socialists. Figures that are confirmed by the IFRES poll. Among leftist voters it is Mr Maire who is largely predominant with 54 percent in favor of him while Mr Krasucki is prevailing over the "SFIO [French Section of the Workers International], which is holding its own," of the Avenue du Maine despite an on the whole negative image. Paradoxically, the unique position occupied by Mr Bergeron, the labor movement bridge between the two traditional camps of the Franco-French wars, has never appeared to be threatened as much as during this period of political coexistence in the government leadership. "Since 16 March, I have been living at the rate of three visits to the provinces a week," the favorite doomsayer of the French informed us. "Contacts that have convinced me that, if we push our current logic too far, the mechanics of dissatisfaction will get completely out of control."

A pro domo argument since it is also true that many hot issues of the moment may suddenly expose the ambiguities of the Bergeron phenomenon. He himself places before all of the others that of the Social Security Agency, which, according to the IFRES poll, comes in quite the last with 6 percent as against 74 percent for unemployed youth in the ranking of union action priorities as seen by the French. "It's because they don't realize that it is in danger that I am so concerned," the former printer from Belfort explained. Up to now, his arm-twisting, undertaken in perfect agreement with the minister of social affairs, has gotten the better of the parsimonious fits of impatience of the budget. The fateful Council of Ministers, in which a supplementary retirement fund contribution of 1 percent payable by wage-earners alone and an austerity system for health insurance were in particular to have been announced, is already over a month behind the schedule desired by the Ministry of Finance. With the result that at informal meetings the unflappable Edouard Balladur sometimes lets us get a glimpse of incipient irritation at the comforter of Bergeronian common sense.

As for him, the union leader is betting on a demanding job like this one. The Social Security Agency is to the FO as the EDF [French Electric Company] is to the CGT [General Confederation of Labor]. Mr Bergeron's friends top all the other organizations in elections of representatives among the 190,000 employees of the Social Security Agency, with 34 percent of the votes versus 30 percent for the CGT, and among the 600,000 representatives of the nationalized medicine system, with 33 percent versus 28 percent for the CFDT [French Democratic Confederation of Labor]. The confederation collects two-thirds of the 129 chairmanships of the primary health insurance funds which, aside from reimbursements for care and social action budgets, manage a legacy of 3,000 pieces of property or buildings. An old friend of the secretary general, Mr Maurice Derlin has presided over the destinies of the parent organization, the CNAM (National Health Insurance Fund) for 20 years. Of the three big national funds, it is the one that chalks up the highest administrative expenses. And by far: nearly 22 billion in administrative expenses in 1985, rising by 8 percent a year, versus scarcely 6 billion for the CNAF (National Family Allowance Fund) and four for the CNAV (National Retirement Insurance Fund). "In insisting on possible administrative economies in the Social Security Agency," a member of the FO from the head office of the CNAM stated, "Mr Chirac is implicitly recommending that between 10 and 15 percent of the CNAM's 120,000 employees be skimmed from the top."

A typical case of misunderstandings that threaten to disturb the good relations existing between the present occupant of the Matignon and the most popular of the union leaders, the touchstone of Gaullist labor policy since May 1968. Mr Bergeron shares with the prime minister a pious nostalgia for Georges Pompidou, the president of the Fifth Republic, with whom he got along best, as he never fails to remind us. But, more than ever dominated by the counterperformances of foreign trade, the economic situation in June 1986 no longer permits us to engage in Pompidouism reinterpreted a la Bergeron: "One additional percentage point in the rate of inflation is well worth peace in the labor sector."

On the contrary, it is in the public sector that the FO recruits half of its followers, where the screws applied to wages have been tightened most. At Aerospatiale, the territory of a powerful FO that is close to the RPR [Rally for the Republic] and which garners 34 percent of the votes of the 42,000 employees, the extension of the wage freeze to the state enterprises has collided in mid-air with the agreement providing for a minimal, automatic semi-annual raise of 2 percent trademarked FO 1970. Tempted to denounce this heretical supplementary indexing as far back as 1979, the orthodox Raymond Barre decided to postpone it following a good lunch with Mr Bergeron. This time, received at the Hotel Matignon without the red carpet, the FO local was forced to as a last resort decide to issue two general strike orders on 22 May and 19 June, the second of these enthusiastically joined in by the CGT and the CFDT.

The first spectacular case in which a clash between government logic and union logic pushed the "centrist" federation into the camp of the "hard-liners." One since followed by many others. On 17 June the CGT and the Ile-de-France CFDT coordinated their action day in the Civil Service with the FO's. On Friday, the 22d, it was the audiovisual workers FO union that joined the CGT and CFDT's "anti-privatization" strike when it denounced the "ulterior political motives" behind the first cutting of pictures a month before. There was also a united front on 30 May at the SNCF [French National Railroads] and at the RATP [Independent Parisian Transport System] on Wednesday, 11 June, two strikes that resumed the "demanding Attila" style of the 1970's. The revolt is rumbling in the arsenals, where the minister of defense has just suspended until 1987 the pegging of the wages of 9,000 government workers on the pay scales of Parisian metalworkers. Even at the EDF-GDF [French Gas Company], the FO federation has dared to launch a "joint mobilization" with a predominant CGT against the wage decisions reached by the government. With the conclusion of the CGT "action week" from 9 to 13 June, Mr Krasucki could thus rejoice over "a new fact: the echo our initiatives have met with."

Actually, what has been happening in the labor sector since 16 March is amenable to more profound developments. Liberalism makes this so. It is becoming more difficult for the government, as it is for employers and the unions, to guide labor policy from the top. Intermediary elements, these latter continue to have a rather negative image. Fifty-four percent of the French condemn the politicization of the labor movement. And if they had the opportunity to do so tomorrow, 30 percent of them would vote for an "in-house" union ticket as against 14 percent for the FO and 12 percent for the CGT or the CFDT. "We've reached the point where modifications in the balance of power within the business world that have taken place during the past few years," Mr Henri Vacquin, a sociologist who specializes in labor strategies, commented, "must be expressed by a change in the way the union's opposition power is exercised." A shift in labor concerns that today directly — and in at least four ways — affects the operation of the "FO system."

The method that has made Mr Bergeron so successful on the media is the adjustment of contracts at the top. "Provided you've been able to reach agreement with Mr Bergeron shortly before a national level negotiation, you can be almost certain of succeeding," Mr Yvon Chotard explained when he was still playing the role of negotiator high and low among employers. With respect to this, the turning point was probably the lengthy negotiation on flexibility in 1984 when, after having assured the CNPF [National Council of French Employers] vice chairman responsible for labor affairs that his organization would sign the final agreement, the secretary general of the FO had to reverse himself in the face of pressure by his "friends." New proof of the difficulty in setting up an interoccupational meeting: corporate partners' bungling of their going along with the law rescinding administrative authorization to lay off employees. For 3 months, at the risk of being pilloried every week by Messrs Paul Marchelli and Edmond Maire, Mr Yvon Gattaz preferred to wait for the vote in due form of law. Will he take it into his head next Sunday to go to the heart of the matter as of 9 July since the leader of the CFDT will immediately accuse him of rushing things and of being unprepared?

A second strong tendency: The strategic premises of labor's adaptation are getting closer and closer to the business world. There where introduction of the FO is taking hold, the FO, which is more comfortable in influential investment in labor affairs such as is practiced among, for example, the personnel of the city hall of Paris than in the mass investment required in the big industrial combines. The balance sheet on collective negotiation in France, established by the Labor Ministry for 1985, shows that it has been stagnating at the interoccupational or industrial branch level, but that it has been noticeably advancing in the business world. Last year 5,165 [labor] agreements with firms and businesses were recorded as against 3,845 in 1984, an annual rate of increase of over 30 percent. The order of magnitude of the signatories sums up Mr Bergeron's whole problem: first the CGT with 52 percent of the signatures, ahead of the CFDT with 49 percent, and the FO, so proud of its image of fierce defender of contractual policy, coming in only third with 42 percent.

Loophole

Another scarcely pleasant acknowledgment for the tireless attacker of political theologies: It is not the only one to have realized that apoliticalism in labor affairs constitutes an effective loophole. After a lengthy reordering of priorities begun in 1979, the CFDT made the decisive change in course shortly before the 16 March parliamentary elections by refusing to issue instructions to its members to vote any old way. In private, the CFDT general staff did not stop praising Mr Seguin, the recipient of one of the confederation's rare satisfactory grades, for having gotten the problem of employment levels on to the agenda for the next negotiations on layoff controls. Mr Maire's experts publicly expressed the opinion that Chirac's devaluation was opportune, a devaluation which the PS [Socialist Party] at the same time deemed to be opportunistic. One of Mr Alain Madelin's first acts in the Ministry of Industry was to restore the former number-two CFDT man, Mr Jacques Chereque, to his duties as prefect of Lorraine. While the FO continued to imperturbably lay a clumsily symbolic bouquet before the wall of the CGT member unions and the CGT to parade in military fashion to the tune of the "International," the CFDT was then celebrating May Day with a peaceful outing on a barge.

With less innocent intentions, Mr Krasucki's CGT was falling into step. At an executive committee meeting held on 5 March, conforming to an old tradition, it charged the toughest faction of its general staff with the task of preaching a return to authenticity in labor affairs. Organization secretary Michel Warcholak even went so far as to admit: "We have lost a larger number of members than indicated in the 42d Congress financial report, which amounted to 700,000 in 7 years." CGT leaders' priority task at present consists of accelerating the restructurings of union affairs made necessary by this bloodletting.

Last May the delicate merger of the Book Workers Union — whose workers are among the highest paid in France, but in which active membership has dropped by over half — with the Paper and Cardboard Workers Union, which is composed of battalions of interoccupational minimum growth wage workers, was effected. Shortly thereafter, two unions crippled by the crisis, the Ceramic and Glass Workers Unions, held their first joint congress. Tactical apoliticalism since, in the likeness of the PC (Communist Party), it enabled them to equate the damage inflicted on the labor movement by the Right with that done by the Socialists. But also a return to a professionalism that pays off in elections. The final results of union elections at 567 companies recorded by the "election supervision service" show an average advance of 2.5 percent. "If the CGT does not succeed in creating new locals, it will again pursue its former courses of action," FO Metalworkers Union secretary Michel Huc, who is hardly suspected of accommodating Mr Krasucki's "cossacks," corroborated the fact.

The final source of discord of Bergeron's message: what Mr Raymond Soubie, Messrs Barre and Chirac's former advisor, calls the "infernal trio" of the labor movement is today threatened with division. A specialty of Mr Bergeron's, personalization of the dialogue between the state, employers and the unions, is getting to be less and less possible. "In view of the number of ministers who have their piece to speak about each of the current issues, we would have to spend our weeks lunching in the ministries," an intimate of the secretary general acknowledged. As for the employers, the CNPF's internal conflicts bear witness to the increasing difficulty in settling on unanimous orientations. "The dream of the disappearance of the labor movement is no longer the private property of the owners of small and medium-sized metalworking businesses," a real expert on employers informed us.

Facing "small-time employers" from Lot-et-Garonne, Mr Bergeron could sing the tune of "grain for grinding" and reap as much applause as Mr Chotard pleading for the opposite the next minute. But he was booed a few days later in Nice at the modernist CJD (Young Leaders Center) congress because he defended labor-union monopoly. Similarly, it was enough for the PSA's [not further identified] director, Mr Jean-Marie Nathan-Hudson, to lampoon "a union overrepresentation that costs the group the equivalent of two windshield wipers per car" to wake up those attending a Labor Connections conference who were a bit sleepy from listening to Mr Seguin's labor projects.

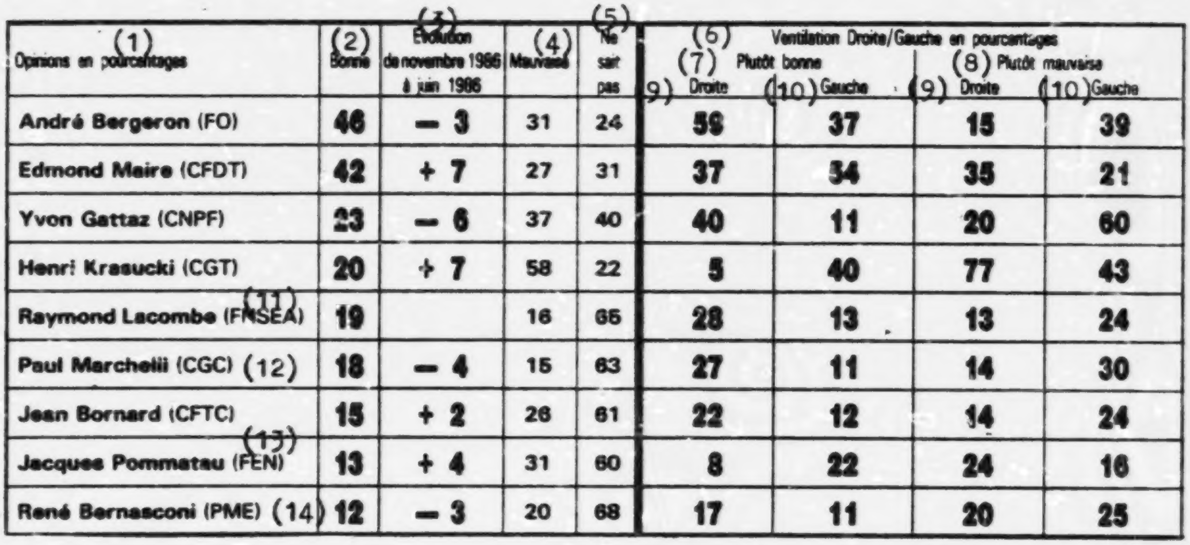
This unpredictability of the rank and file does not, of course, spare the labor confederations. Which is what makes problems of succession within each one of them so delicate. The succession of Mr Krasucki, 61, which should logically take place at the next congress, in 1988, is complicated by the fact that it may coincide with Mr Marchais' at the head of the PC. Two unofficial candidates are in the race: the general manager of the confederation weekly LA VIE OUVRIERE, Mr Louis Viannet, and the former general manager of the stronghold of the EDF, Mr Francois Duteil. Pure and hard-core Communists as they are, no one can in any event claim to have the same record of service as Messrs Benoit Frachon, Georges Seguy or Henri Krasucki at the moment of their nomination.

Minus the curtain of ideological discipline but plus relative youth, Mr Maire, 55, can still complete two terms before reaching retirement age. It is his potential heirs who are wearing themselves out copying all the subtleties of his analyses in their demands on a day-to-day basis without opening the door to new seeds of division within the organization. Mr Jean Kaspar, a former miner of Alsatian potassium who became secretary in charge of claim actions in 1981, has worn himself out trying to get the CNPF to guarantee a 35-hour week. Mr Jean-Paul Jacquier, the secretary general's idea man, got his wings clipped when he stood at the head of partisans of the December 1984 agreement on flexibilities which fell through. To defend the CFDT's moderate attitude toward the law governing layoffs, Mr Maire shoved the popular Nicole Notat downstage, a teacher whom some people immediately nominated as the first woman leader of a labor confederation. Before deciding that no one but he was in a better position to talk straight to the entire class of employers.

Small worries, however, with regard to the problem the imminent departure of Mr Bergeron, 64, poses for the FO. "When he leaves in 1988, half of the 12 members of the confederation executive committee will have reached retirement age," one of the big-wigs of the confederation pointed out. Since no successor has yet been named by the present secretary and since none of the names that have been suggested impress anyone through their personal charisma, at the Avenue du Maine they fear that the vacuum with regard to the media produced by the end of 25 years of Bergeronism will not be accompanied by a surfeit of applicants. "All the labor leaders now in office benefited from a period full of disputes and negotiations to prove their worth," Mr Huc noted with a certain nostalgia. Will the French labor movement have to go off to war again to find its future generals? Next fall will at least tell us whether it still has ordinary soldiers to do it.

Poll Results

Can you say whether you have a better or worse opinion of the following important figures:



(1) Opinions en pourcentages	(2) Bonne	(3) Evolution de novembre 1986 à juin 1986	(4) Mauvaise	(5) Ne sait pas	(6) Ventilation Droite/Gauche en pourcentages			
					(7) Plutôt bonne		(8) Plutôt mauvaise	
					(9) Droite	(10) Gauche	(9) Droite	(10) Gauche
André Bergeron (FO)	46	— 3	31	24	59	37	15	39
Edmond Maire (CFDT)	42	+ 7	27	31	37	34	35	21
Yvon Gattaz (CNPF)	23	— 6	37	40	40	11	20	60
Henri Krasucki (CGT)	20	+ 7	58	22	5	40	77	43
Raymond Lacombe (FNSEA) (11)	19		16	65	28	13	13	24
Paul Marchelli (CGC) (12)	18	— 4	15	63	27	11	14	30
Jean Bornard (CFTC)	15	+ 2	26	61	22	12	14	24
Jacques Pommatau (FEN) (13)	13	+ 4	31	60	8	22	24	16
René Bernasconi (PME) (14)	12	— 3	20	68	17	11	20	25

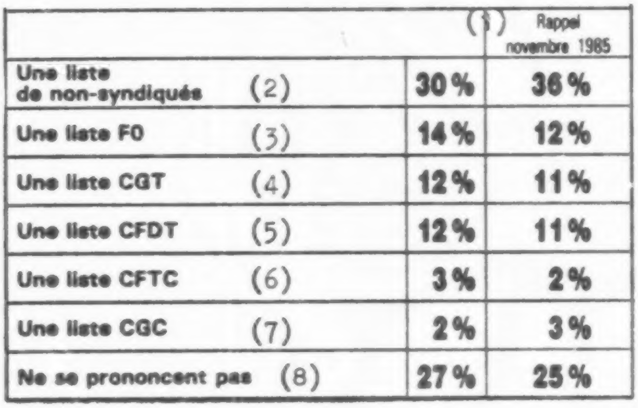
Key:

1. Opinions in percentages.
2. Good.
3. Change from November 1986 to June 1986.
4. Poor.
5. Does not know.
6. Right-Left distribution in percentages.
7. Better.
8. Worse.
9. Right.
10. Left.
11. National Federation of Unions of Farm Operators.
12. General Confederation of Managerial Personnel.
13. National Education Federation.
14. Small and Medium-sized Businesses.

Still intoxicating for the unions, the air of the opposition is already reinvigorating the two most distinctly leftist union leaders: Messrs Edmond Maire and Henri Krasucki. Both have gained 7 points in favorable opinions in comparison with 6 months ago. This has enabled the national secretary of the CFDT to again catch up with an Andre Bergeron less well off than when he was practically the sole union spokesman for those disappointed with socialism. Moreover, the leader of the FO is indebted to conservative voters for preserving his top rating with LE NOUVEL ECONOMISTE since more leftist voters leveled a negative judgment against him. But the big loser of the first 6 months of 1986 is incontestably Mr Yvon Gattaz, the target of convergent attacks by all union members, down 6 points in comparison with November 1985.

Overly Negative Unions

If you had an opportunity to vote tomorrow at your workplace to nominate delegates charged with defending your interests with management, whom would you choose?



		(1) Rappel novembre 1985
Une liste de non-syndiqués (2)	30 %	36 %
Une liste FO (3)	14 %	12 %
Une liste CGT (4)	12 %	11 %
Une liste CFDT (5)	12 %	11 %
Une liste CFTC (6)	3 %	2 %
Une liste CGC (7)	2 %	3 %
Ne se prononcent pas (8)	27 %	25 %

Key:

1. Reminder of November 1985.
2. A non-union ticket.
3. An FO ticket.
4. A CGT ticket.
5. A CFDT ticket.
6. A CFTC [French Confederation of Christian Workers] ticket.
7. A CGC ticket.
8. Did not express an opinion.

Most unions are today losing members and experiencing financial difficulties. In connection with this, which of the following statements do you feel closest to:

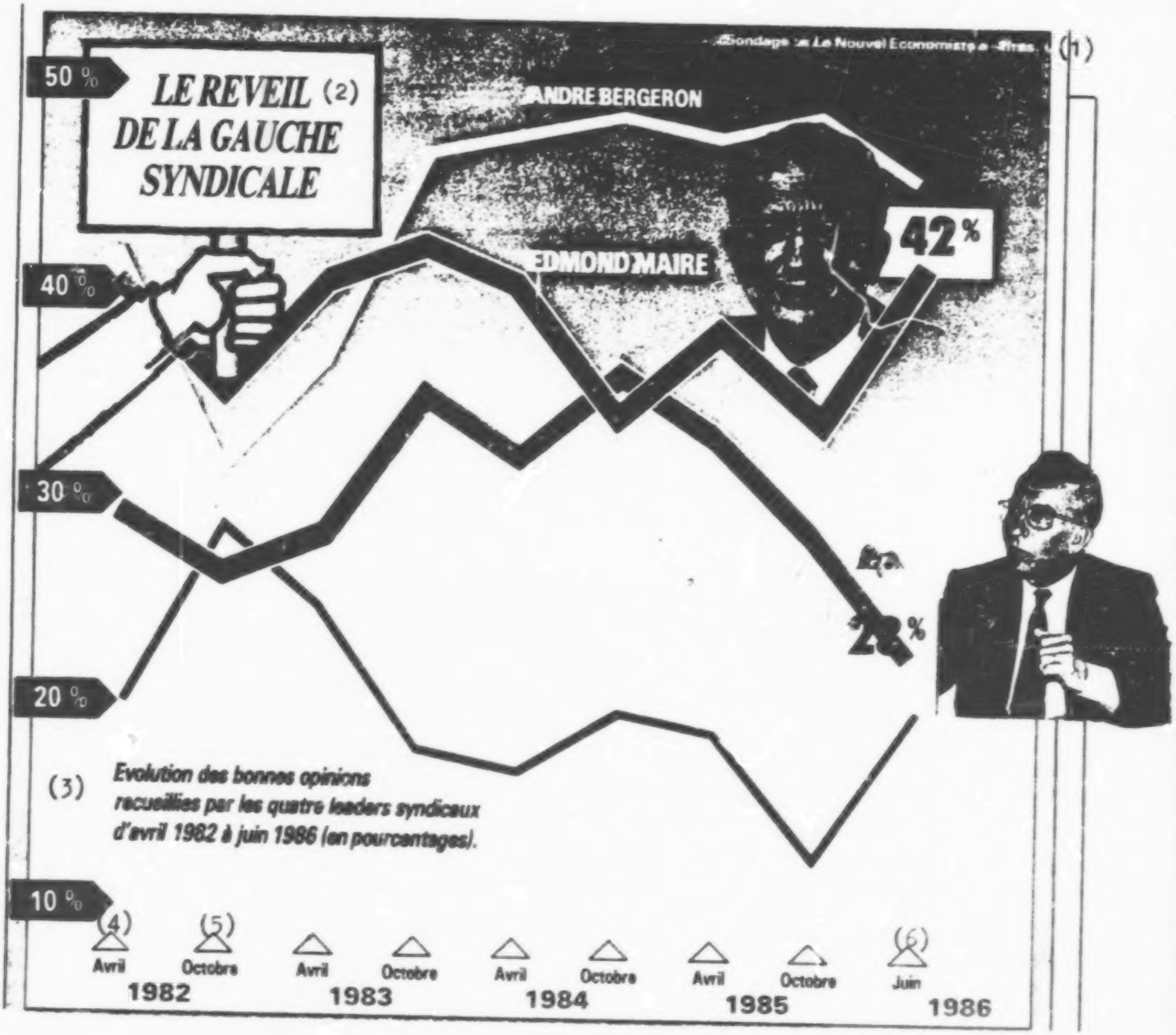
If the unions are in a crisis, it is because they are overly committed politically.	54%
If the unions are in a crisis, it is because they perform their union jobs poorly.	19%
If the unions are in a crisis, it is because many employers still refuse to admit unions in their businesses.	17%
Others.	3%
Did not express an opinion.	7%

As you see it, do the following labor organizations play a more positive or a more negative role in France's political, economic and social life?

(4) Opinions en pourcentages	VIE POLITIQUE (1)			VIE ECONOMIQUE (2)			[illegible] (3)		
	(5) Positif	(6) Négatif	(7) NSP	Positif	Négatif	NSP	[illegible]	[illegible]	NSP
FO	**43**	27	30	**41**	34	25	[illegible]	[illegible]	23
CFDT	**32**	40	28	**33**	44	23	[illegible]	[illegible]	25
CNPF	**25**	41	34	**27**	38	35	[illegible]	[illegible]	40
FNSEA	**23**	26	51	**30**	28	42	[illegible]	[illegible]	47
CGPME (8)	**22**	31	47	**27**	29	44	[illegible]	[illegible]	45
CFTC	**21**	34	45	**22**	26	52	[illegible]	[illegible]	44
CGC	**20**	34	46	**25**	37	38	[illegible]	30	41
CGT	**18**	63	19	**19**	65	16	[illegible]	[illegible]	17
FEN	**16**	42	42	**16**	38	46	[illegible]	[illegible]	44
SNPMI (9)	**5**	35	60	**6**	35	59	[illegible]	32	59

Key:

1. Political life.
2. Economic life.
3. Social life.
4. Opinions in percentages.
5. Positive.
6. Negative.
7. Did not express an opinion.
8. General Confederation of Small and Medium-Sized Businesses.
9. [not further identified]



(3) *Evolution des bonnes opinions recueillies par les quatre leaders syndicaux d'avril 1982 à juin 1986 (en pourcentages).*

Key:

1. LE NOUVEL ECONOMISTE-IFRES poll.
2. The awakening of the union Left.
3. Evolution of favorable opinions garnered by the four union leaders from April 1982 to June 1986 (in percentages).
4. April.
5. October.
6. June.

All bets are off for Mr Gattaz who has his worst score since our poll has been in existence. The chairman of the CNPF had his year of grace between October 1983 and October 1984 with Mr Laurent Fabius' government's conversion to "social liberalism." At the end of 1984 it was the failure of negotiations on flexibility of labor, which penalized everyone except Mr Bergeron. Mr Gattaz' rating has gone into a rapid decline: 11 points less between April 1985 and June 1986. On the other hand, after both of them had reached their lowest point in October 1985 — 35 percent for the CFDT leader and 13 percent for the CGT leader — Messrs Maire and Krasucki immediately profited from their return to the opposition. Political fluctuations that apparently have scarcely influenced Mr Bergeron's scores.

11,466
CSO: 3519/224

RACISM BLAMED IN CEUTA, MELILLA CITIZENSHIP DISPUTE

Paris LE MONDE in French 11 Jul 86 p 3

[Article by Thierry Maliniak: "When 'Moors' and 'Christians' Try to Forget Their Recent Quarrels"]

[Text] At first sight, Melilla could pass for another Andalusian town like many others, maybe somewhat dirtier and a little more delapidated: The same Plaza de Espana, the same Plaza de Toros, the same bars where one can drink sherry while eating "tapas" [appetizers] can be found there. But Andalusian Melilla is set right in the middle of the Moroccan coast, not far from the Algerian border. It is a 12-square kilometer Spanish enclave which, with Ceuta more to the west, is the last vestige of the Spanish protectorate in Africa; Morocco has for decades been laying claim to it.

Yet, until recently, Pepe the Christian and Mohamed the Muslim appeared to be living in good terms in Melilla. And now, over the past few weeks, they suddenly quarreled. Representatives of the two communities were seen coming to blows. Christian groups were heard to scream: "Out, the Moors," and Muslims to retort: "Fascist Christians!," while the house of the undisputed leader of the Muslim community, Aomar Mohammedi Dudu, was attacked twice.

"To Legalize Slavery"

Today, the calm having returned, Melilla, as in a daze, is filled with retrospective fear. The worse was avoided, but will it be the next time? Thus, in one camp and the other, from the left to the right, everyone is striving for moderation. There are endless talks about putting an end to secular injustices and, once and for all, to integrate the Muslims community. Behind the sweeping ideas, however, practical measures for achieving this goal differ substantially.

The origin of the crisis can be found in the "fed-up" feeling of the "Moors," as they are somewhat disparagingly called in Melilla, tired of being considered foreigners in what they feel to be their own country. Only 3,000 Muslims out of 25,000 (one-third of the population) have Spanish nationality. As for the others, they are either Moroccan or stateless. Yet, many were born in Melilla or have lived there for over 10 years, which, theoretically, gives them the right to Spanish nationality. How many? No one knows: There is no reliable census of Melilla's Muslims.

To understand the "Moors'" exasperation, it suffices to visit Canada de la Muerte or the Barrio de los Cuernos, the two hillside shantytowns near the border, where they huddle by the thousands: Tumbledown shacks lacking running water, enormous piles of rubbish overflowing onto dirt paths. The visitor is greeted with a torrent of demands: All the people stress that they were born there and that, for decades, they have been living there without identification papers, which leaves them open to totally despotic action. They make a living working irregularly at small jobs, without contracts or guarantees, and with the constant threat of being expelled toward the neighboring border: "And why should we be sent to Morocco since we are from here?," they demand indignantly. One may be poor in Melilla, but be nonetheless aware that one would be even poorer in the nearby Rif!

"Diehard Hispanics"

By promulgating a 1985 law aimed at regularizing the fate of foreigners in Spain, the Madrid socialist government unwittingly caused an explosion. Dudu, who sometimes gets carried away by his own fiery rhetoric, asserts: "The law wanted to legalize slavery in Melilla. It was going to turn us into eternal strangers in our own town." In view of the scope of these protests, the government turned about and decided to implement a more liberal policy for the granting of nationality: Following a first unfruitful agreement between the ministry of interior and Dudu, in February, a second, more durable one was signed in June.

"The socialist government understood that a member country of democratic Europe could no longer maintain a small South Africa on its doorstep," asserts Dudu. Abdelkader Mohamed, the leader of the Terra Omnium Organization, the first institution to represent the Melilla Muslim Community, also airs his satisfaction: "A Madrid government has recognized for the first time that the Melilla problem was rooted in the discrimination we were made to suffer. It is a historical awakening."

"A progressive government could not tolerate such an enormously unfair situation," actually recognizes Andres Moreno, the Madrid delegate to Melilla, who personally paid the cost of the official retractions: Previously attacked by the Muslims, he has now become their staunchest ally, whereas it is the turn of the "Christian" political parties to demand his resignation. "Our first task is to ready a census before the end of the year in order to determine how many Muslims are actually living here. Then, all of those who have a legal right to the Spanish nationality will get it. The others will be able to request a residency permit. Concurrently, we are determined to close the border in order to stop illegal immigration, lest we run the risk of being once again faced with the same problem within 10 years."

Official circles assert: "We are only implementing the law." But legal texts are in reality sufficiently flexible to allow quite different interpretations. As a matter of fact, the conservative political parties also use the law to rebel against the conciliatory attitude of the socialist government toward the "Moors." The "diehard Hispanic" sectors are the most indignant. Jose Imbroda, the UPM (Melilla People Union) president, asserts: "Widespread Moroccanization is the real threat for our town. It is sheer madness for the government to be implementing a policy which stimulates it. Most Muslims requesting Spanish nationality have in fact Moroccan identification papers. The problem of Melilla Muslims is that of the Mexican Chicanos in the United States!"

Racism Born of Fear

Similar fears were expressed less radically at the headquarters of the conservative faction, People's Alliance, the leading conservative party of Melilla, during the latest legislative elections. Deputy Jose-Luis Santos asserts: "Many people in this town distrust the reasons behind the current requests for Spanish identification papers by so many Muslims. As a matter of fact, they doubt the Muslims' real desire to become integrated into the Spanish community and, in the future, to defend the Spanish character of Melilla."

For the Muslims, however, the Christians' reticences arise in fact from a single concern: To maintain vested advantages. "Today, an employer can pay a Muslim half of the minimum wages, make him work 12 hours a day and fire him when he wants to," emphasizes Abdelkader Mohamed. "Once this Muslim worker regularizes his situation, everything will change. In the future, he will be able to try setting up a business or buy a shop: Many Christians view us only as undesirable competitors."

Fear of competition, maybe. But a more diffused fear also gnaws the Chritian community: That of the future. One feels somewhat like a "pied noir" [Algerian-born French citizen] in Melilla: Neighboring Morocco, which is gradually penetrating into this last foreign enclave, is viewed with concern. Julio Bassets, secretary general of the Melilla socialist section, stresses: "The provisional is the dominant feeling here. Everybody knows that tomorrow is uncertain. Thus, if someone takes to the street waving a flag, asserting that our Spanish heritage is threatened by the "Moors," that is sufficient for many people to follow him."

Jose Mario Sanchez, the leader of the communist trade union, Labor Commissions, expresses himself more succinctly: "It is true, there is racism in Melilla: A racism born of fear." And he adds: "The wealthiest are gradually transferring their capital to the Costa del Sol. The others, the small merchants who barely make ends meet, cannot do so: They are the most virulent, because they have the most cause for anguish."

An anguish that Manuel Cuenca, president of the Melilla Shop Owners Association, expresses bluntly, from the back of his shoe store: "Twenty or 50 years from now, the Muslims will be in the majority here because of their birth rate. The rate at which nationality will be bestowed can only speed up or postpone the dateline. So, no matter how much we tell ourselves that the constitution ensures the Spanish character of our town, that the army will defend us, we nevertheless live with the constant overwhelming fear of the future. In the bottom of our heart, we all know, even if it hurts us to admit it, that Melilla will some day be Moroccan. Moreover, I am not asking that it remains Spanish forever: I only ask that, when it happens, Madrid does not leave us totally helpless." In the back of his shoe store, Manuel Cuenca only knows too well, like most Christians in his town, that geography is unrelenting. In Melilla more than anywhere else.

6857
CSO: 3519/227

22 PERCENT OF ANNUAL BUDGET REPORTEDLY SPENT ON SOCIAL SECTOR

Madrid EL PAIS in Spanish 14 Jul 86 p 37

[Article by Gustavo Matias]

[Text] Madrid--The initial estimates using European Community (EC) standards of what Spain spends on social benefits has surprised even the authors of the study. If these figures are confirmed, they will total 22 percent of the gross domestic product (GDP). This represents one out of every four or five pesetas generated each year by economic activity. The proportion is equivalent to what the United Kingdom, the home of the "welfare state," allocates for the same purpose each year.

The plenum of the interministerial commission on coordinated social benefits statistics will meet over the next few weeks to study this first evaluation, which corresponds to 1982 and was carried out by the administration in conjunction with the European statistical office, Eurostat. The results of the analysis, in which at least 20 percent of social spending remains to be computed (specifically, the spending by the autonomous communities, local corporations, private or public enterprises, and private non-profit institutions), already are equivalent to 18 percent of the GDP.

Surprise and Skepticism

The preliminary estimates made by Integrated Social Benefits Statistics of the EC (SESPRO), which will reportedly reach 22 percent of the GDP once the study is completed, have surprised even the authors of the work, and have also aroused skepticism among other people who have had access to the figures. The last unrevised figures Spain gave Eurostat referred to 1980, and they pegged social spending at 16.1 percent of the GDP. Moreover, the most recent evaluations were still lower: In 1985, according to the Bank of Spain, social benefits paid in money and in kind by all public administrations totaled 4.173 trillion pesetas, 14.8 percent of the GDP.

In view of the first negative reactions by experts outside the administration ("it must be an error, bad demagoguery," said Antonio Gutierrez of the Workers Commissions), those responsible for the study have stated that they themselves recommend that it be used with caution. Maria Teresa Giraldez Nunez, assistant director general of statistics of the Ministry of Labor and Social

Security, has stated that she "agrees that it should not be used to trumpet our success." In her opinion, first the actual use of the funds and the beneficiaries will have to be carefully studied. Among these beneficiaries, the most important group after pensioners is employees. In other words, social benefits may have gone up in some cases because of the economic crisis rather than measures aimed at improving social well-being.

Alfonso Barradas, an official in the same department, believes that the fact that Spain's spending figures approximate the percentage of the GDP spent in the United Kingdom is unimportant, because that country is now at the bottom of the list in the EC.

In fact, there is a certain relationship between the amount each country spends on social benefits and total consumption per capita, measured in terms of ECU (European Accounting Units). Greece, Ireland, Italy and the United Kingdom are in last place in both of these categories, while Belgium (31.4 percent of the GDP), Denmark (30.3 percent) and Germany (29.4 percent) are in first place, according to Eurostat data for the year referred to in the Spanish study, 1982.

In ECU terms, Spanish consumption per capita is only 3/5 of the average for the 10 countries in Europe. Only Greece and Ireland reported lower figures, while Germany's total was more than double Spain's.

Tenth Place

If the interministerial commission confirms the 22 percent figure after completing its work, Spain will be in tenth place in the EC in terms of social spending. Below it will be Greece, which has not yet supplied precise data, and Portugal, where estimates similar to those in Spain reveal 14 percent of the GDP, also higher than what had been reported previously.

In any case, no other European country has made as monumental an effort in the social sphere as Spain has. At the beginning of the political transition in 1975, it was spending just 11.7 percent of the GDP on this category, according to Eurostat estimates that have not been revised to meet EC standards. The EC average was double that amount. Even Portugal was spending 11 percent at the time (also unrevised figures).

Nevertheless, 1982 was the year when social spending took off in Spain, according to the latest estimates by the Bank of Spain, which include the funds allocated for social benefits by all the public administrations. The Bank of Spain's calculations follow more restrictive criteria than Eurostat's. Compared to 15.1 percent of the GDP in 1982 and 1983, the bank estimates a decline to 14.3 percent in 1984, and then 14.8 percent in 1985, when this spending totaled 4.173 trillion pesetas. This figure is just over 1/3 of what all the public administrations spent (11.442 trillion pesetas).

Despite this relative decline in the last 2 years, pensions and unemployment benefits, which have been driven upward by the economic crisis (especially the latter), have continued to expand their share in spending. Although the pension reform law went into effect in mid-1985, curbing the expansion of allocations in that area in the medium term, spending in that category still rose by 14.3 percent despite the average revision of 7 percent. Unemployment expenditures rose by 30 percent during that fiscal year. In contrast, health care benefits rose by just 12 percent, temporary disability payments remained stagnant, job disability benefits fell by 12 percent, and family protection outlays dropped by 21 percent.

8926
CSO: 3548/72

MINISTER FAVORS INTERNATIONAL EXPANSION BY FRENCH COMPANIES

Paris L'USINE NOUVELLE in French 3 Jul 86 pp 22-24

[Rene Le Moal, Francois Roche and Roselyn de Clapiers interview Michel Noir, minister delegate in charge of foreign trade]

[Text] [Question] What is your analysis of the French industrial trade balance and its basic trends?

[Answer] There is room for concern and room for hope. First of all, let us emphasize that France is the world's fourth exporting country. Our per capita exports place us second worldwide among industrialized countries. However, there are not enough enterprises established abroad. Thinking about exports is no longer sufficient, setting up new avenues is a necessity. Furthermore, it is also necessary to shift from "thinking French" to "thinking international." It is a small revolution which must be brought about in the mind and heart. The French economy being totally committed to the international market, we are condemned to taking up this challenge. Which represents quite an effort.

The in-depth analysis of the industrial balance shows that France has fallen behind over the past few months. Our wage costs per produced unit increased. The gap widened glaringly as compared to West Germany. Our industrial productivity is unsatisfactory due to underinvestments. And until these last few months, a problem of differential in inflation rates weight down enterprises that wanted to remain competitive.

Another factor, financial competitiveness, was underestimated. When reviewing the structures of the accounts of the enterprises, the high levels in the balance sheets are even less healthy than those of our major competitors. When the burden of the financial charges absorbs too large a proportion of the gross operating surpluses, an enterprise is not in as good a position as its competitors. Prior to 16 March, we were told a little too often that self-financing was improving and approaching 100 percent! But, if one invests 20 or 30 percent less than one's competitors, one can very well self-finance at 100 percent! Likewise, it serves no purpose to say that margin rates are improving substantially if they are earmarked for paying the interests of the debt.

We are shockingly caught in a loss of competitiveness. Hence the in-depth measures taken by the government in an attempt to restructure the high levels in the balance sheet of the enterprises and enable them to find once again their financial competitiveness with the help of lower money rates and more competitive financial and bank services. Hence also the freedom of decision returned to the enterprise and a nascent reduction of its expenses.

[Question] Should not this policy include a industrial structure category? Is the disengagement of your department from the ministry of industry without effect?

[Answer] It is much better for the ministry of foreign trade to be linked to the economy sector, for a whole series of decisions affecting us come under the jurisdiction of the finance sector. It is consequently easier for me to have my concerns taken into account by the minister of state in charge of finance. If I were linked to industry, the dialogue would be different.

[Question] Will it ensue that there will be no sectorial export plans?

[Answer] No. One should think across the board, not in terms of sectors. It is not the government, but the industrial enterprises themselves which adapt to their world market. They are the ones which must follow the specific characteristics of the products demanded by the marketplace in a competitive world. It is not up to us to bring market opportunities to their attention.

[Question] Can we really expect exports to recover within a few months?

[Answer] Forecast models are not sufficiently flexible to take into account the current slope of our industrial balance. You will note that within a 2-month interval INSEE [National Institute of Statistics and Economic Studies] downgraded its commercial balance forecasts. The trend cannot be reversed in 3 months. However, the overall system put into position can have a swift positive effect on the enterprises, especially on the attitude of the decision-makers, by making them look forward to the future. The "trust" variable is a very important criterion which often thwart the most sophisticated previsions.

I have already noticed a ripple from the standpoint of industrial investments. And the financial reorganization now in progress will alleviate the burden of running the enterprise. This, added to our new-found price competitiveness engendered by the devaluation, puts us in a position, as compared to our European partners, which allows me to wait for a trend reversal between the beginning and the end of the first 1987 quarter.

[Question] You set up a commission made up of industrialists whom you entrusted with submitting proposals for measures favoring foreign trade. What guidelines did you retain?

[Answer] The goal of my 3 July "export plan" is to shift the French from thinking "exports" to thinking "setting up a venture in a region." We are West Germany's second supplier, but only the fifth investor in that country. In 1985, France ranked 12 among investors in the FRG. Another example: In South Korea, France only holds 1.7 percent of the foreign investment stocks, whereas that country will be the world's eighth industrialized country in 15 years. Commercial networks must be set up, but it is also necessary to think about setting up production facilities. For these investments create a flood of exports.

I want to offer the enterprises concomitant means for their effort in getting established abroad. Especially when it comes to taxation, I want to make the current system of tax provisions more productive for export-generating foreign investments.

I calculated that, in the matter of excess tax yield revenues, the famous Article 39 octies of the General Tax Code offers returns within 18 months. What minister of budget is not responsive to such an argument? I have no difficulty proving to him that the 39 octies costs 1 billion, but generates between 12 and 15 billion in additional exports, sources of tax revenues.

[Question] Large-scale contracts are becoming scarcer. Do you intend reinforcing state support to the large enterprises which submit bids for international proposals?

[Answer] It is true that the size of the world market for large-scale contracts is shrinking. Competitors are more aggressive and show better results with the credits which they offer to the purchasing countries. Sometimes, outbidding and unbound imagination are noted in that sector. It is obvious that, if the OECD countries increase the gift factor in their credits, the PVDs [developing countries] will profit from it. But is it a healthy way to be a competitor?

I will not drop groups which derive more than 50 percent of their turnover from exports. We must see to it that they remain competitive, especially at a time when interest rate developments and, based on country categories, the change of the OECD consensus rate schedules are alarming. It is necessary to make the best of circumstances and to follow suit. To let our large-scale groups set themselves outside the international markets is out of the question. For there are agents and jobs behind them. And taking one year with another, large-scale capital equipment contracts amount to between 80 and 100 billion francs in exports. I will not play the sorcerer's apprentice for such sums which involve capital equipment sectors so needed by France.

[Question] Will you modify the current support system?

[Answer] The guiding idea is to set up a flexible system enabling us to make good decisions in time. I aim for efficiency based on the notion of freedom. Not through the increased harnessing of public resources, but by allowing the enterprise to bid quickly in order to avoid ever-increasing successive demands. In other words, to make it simple, flexible and efficient in the shortest possible time.

[Question] Will you continue to disallow export credits?

[Answer] Our policy of lower interest rates is aimed at improving our competitiveness as compared to our competitors. Based on this rule, one can wonder if it would be advisable to set up interim stages for interest rates pertaining to investments, exports and housing. In that field, all or nothing is never a solution. One must adjust.

[Question] Are banks playing the game?

[Answer] When they become fully competitive, that is to sav, risk-taker partners of the enterprises and not guarantee-demander notaries, they will engage in a better dialogue with the firms. And especially with the PMIs [small and middle sized industries]. It is normal that, in terms of risks and credit guarantees, the latter should be as well attended as the large enterprises.

[Question] Will the public authorities pay greater attention to the PMIs, since their responsibilities are increasing with regard to French exports?

[Answer] Sixty percent of export volumes derive from the recurrent sales of everyday products which indeed very much concern the PMEs [small and middle sized enterprises]-PMIs. My goal for a 5 percent increase in the export-generated turnover of these firms would make it possible to export an additional 40 or 50 billion annually. This, therefore, does show the importance which public authorities place on the PMIs-PMEs. What must be done for them?

1. Continue to help them along in their market research efforts and commercial presence in international fairs. Our presence in these fairs, which makes it possible to get a feel of the markets and to make contacts, is five to six times less than the Germans'.

2. Help them along with quality services from the economic development posts located abroad: Market information and assistance.

3. Place more VSNAs (national service volunteers) at their disposal, especially in industrialized countries such as West Germany.

4. To allow them to benefit from a better assumption of risks by COFACE [French Foreign Trade Insurance Company] with really timely decisions thanks to a greater decentralization.

5. I am also waging an anti-Shadok fight, that is to say, against paperwork and administrative constraints. France holds the Nobel Prize for preliminary agreements: Those must make room for a posteriori controls by polls.

[Question] Are not PMI markets found mostly in industrialized countries?

[Answer] The structure of our foreign trade has been reorganized for several years: The weigh of OECD countries is now close to 80 percent. I do not deny that the PMIs can negotiate transfers of technologies and joint ventures with some developing countries or new industrialized countries such as South Korea. But the PMIs-PMEs must be cautious with far away markets. Only those PMIs which hold a small superspecialized corner of the world market can succeed in this endeavor. Most of them must strive mightily in our neighboring countries.

I return to my obsession with West Germany: France has only 900 established enterprises, whereas Germany has established three times as many in France. Now, the German market amounts to a 44 billion deficit, the Italian market to 22 billion. We have on our doorstep, in the great EEC domestic market which will be completed in 1992, a tremendous export potential. Everything which can promote the PMEs' effort in that direction will receive priority. While trips organized for 500 people appear to me to be counter-productive, any aid for individual visits involving market research and a serious follow-up will be encouraged. Each time I meet professional federations, I propose to them to sign a moral contract to help the PMIs' effort.

[Question] Do not your goals require an expansion of your financial resources, whereas the trend is to budget restrictions?

[Answer] Let us take the example of the DREE. Why are 140 people needed to manage 2,800? We must clean up our own act, make administrative efforts, become more productive and, in time, find productivity methods. Why should organizations in charge of foreign trade aid not search for productivity? I made some of my assistants uneasy when I suggested that we send a bill to the enterprise requesting information from a New York PEE which will have to pay a $200 fee to search an American data bank. Since April, I have ordered certain services to test this procedure. It is uncalled for not to bill for some of the costs. I will have the results in 3 months. I suspect that the enterprises will not be shocked. The CFCE could also use this procedure. Its management will be responsible for the decision.

[Question] What is France's position concerning GATT [General Agreement on Tariffs and Trade]?

[Answer] The likely launching of a new cycle of multilateral trade negotiations arrives at a time when a resurgence of bilateral aggressiveness and protectionist temptations is being noted. The Americans, who are pushing strongly for a new round, are unsheathing their weapons at the same time: They announced customs duties on French food products (luckily, the European countries in Luxembourg, once again united, reacted); they signed a bilateral agreement with Japan, pertaining to components, which is nothing more than an agreement about market shares and standard prices, a 1930-version cartel; and they unilaterally announced measures against German machine tools.

France's position is clear: There will be a general negotiation or no negotiation at all. No preferential subject or speedily handled treaty, as desired by the Americans in the agricultural sector. We will aim at a consensus of all the partner countries, taking into account the PVDs' concerns. If Brazil and India, leaders of the PVDs, are not present in Punta del Este in September, there will be no new round. France will see to it that Japan's structural surplus is reviewed. There will be no negotiations if they are aimed at dismantling the EEC joint agricultural policy.

France has no reservation about a negotiation on services, but it is cautious, for it has no desire to see the too rigid attitude of the United States lead to a complete refusal on the part of the PVDs, such as Brazil. A consensus must therefore be found.

[Question] You have canceled the subventions to the National Export School [ENE]. Yet, the French enterprises lack high level business people.

[Answer] High level business people are not trained in an ENE. Anyone who has worked in an enterprise is very well aware of that. The assessment I requested about ENE prior to taking my decision shows that one can use other training initiatives with a little public money to seek synergetic effects. It is my philosophy when public funds for which I am responsible are involved. It is more efficient than putting 15 million francs in one ENE which will train cadres at an annual cost of 100,000 francs. One need not be trained at ENE to work 15 hours a day, including Saturdays and Sundays, and fight on the marketplace. The problem of France is that it should have more foot soldiers in the fields and less parasites in the head offices.

[Question] Where will those foot soldiers come from?

[Answer] From all the existing schools, by integrating the international theme as a dominant feature in our system of higher education; on-site training; and from an encompassing culture including taste, the inspiration of the open sea and international scope and requirements.

[Question] How do you judge French exporters?

[Answer] I am resolutely optimistic when I note the extraordinary energy of the PMIs. Some of them export 10 to 20 percent of their turnover to Japan or the United States. If only they were given the best possible environment, you would see their performances! Do not forget that our children, who will be tomorrow's foot soldiers, are already living at the international hour.

[Question] Will they be salesmen?

[Answer] It is a question of dynamism, mentality, aggressiveness, a sociocultural affair. A world protected by a comprehensive insurance does not develop a taste for competitiveness. A system based once again on the values of individual initiatives of risk and competitiveness will somewhat change its way of thinking. Thus, 80 percent of the HEC [School for Advanced Business Studies] graduates wanted to go to work for large enterprises 10 years ago; today, they want to create their own.

6857
CSO: 3519/229

REASONS FOR FOREIGN TRADE DIFFICULTIES ANALYZED

Paris LES ECHOS in French 3 Jul 86 p 4

[Article by C.C.: "France Poorly Adapted to World Demand"]

[Text] The deterioration of France's manufactured-goods balance--a decline that has accelerated in recent months--is far from being of recent origin. And although INSEE [National Institute of Statistics and Economic Studies] is forecasting for 1986 a decline of 25 billion francs in the manufactured-goods surplus (from 80 billion francs in 1985 to 55 billion in 1986), the chapter that it devotes to foreign trade--in its report concerning the national accounts for 1985--is valuable first of all because it reminds us that this slippage began early last year: in 1985, the manufactured-goods balance had already declined by some 15 billion francs. INSEE also points out that although the decline in the price competitiveness of French products, together with situational factors, are partly responsible for the current unfavorable situation of our industrial exports, the roots of the problem go even deeper, thus making specific remedies--such as devaluation--sometimes not very effective.

Finally, the overall French external accounts picture in 1985 was as if a rough draft of the current situation, with the possible exception of the food and agricultural sector, whose record surplus--recorded in 1985 (31 billion francs)--is in danger of not being replicated this year. The energy constraint is beginning to be relaxed. Although sales remain heavy (180 billion francs) they have begun to decline and are 6 billion francs less than in 1984. Concurrently, the manufactured-goods surplus is beginning to weaken, falling 14 billion francs below the figure for 1984. INSEE notes that this decrease affects all branches of manufacturing--civil and military--although in differing proportions. Whereas the consumer-goods sector has largely been spared (down 1.5 billion francs from the 1984 figure), the professional-equipment sector has been the most affected (down 9 billion francs). INSEE ascribes these initial slippages in the manufactured-goods balance to three sets of factors:

[1.] First and foremost, the situational lack of synchronism between France and its partners no longer helps to improve the rate of coverage. "Domestic demand, which is more sustained, stimulates imports as a whole, whereas the net slackening of foreign demand slows the pace of exports," INSEE explains.

Exports, in fact, are increasing by only 0.8 percent, whereas imports are increasing by 5.5 percent. More precisely--INSEE says--the evolution of the various manufactured-goods balances depends on the specific dynamics of foreign demand: for example, the revival of consumption on the part of our principal industrialized partners explains the relatively favorable balance in the category of goods destined for household use. On the other hand, the slowdown in the growth of investment abroad, and the improved performance of investment in France, have contributed to the reduction in the producer-goods surplus.

[2.] The second factor involved in this deterioration relates to the decline in the price competitiveness of French products. The year 1985 was characterized by renewed penetration of the domestic market--with the rate of penetration increasing from 39.3 percent in 1984 to 40.8 percent in 1985--and by the loss of market shares abroad. "Although price competitiveness improved between 1981 and 1984 with the help of the three revaluations and the appreciation of the dollar, it stagnated in 1985 as a result of the maintenance of the parity of the franc and the decline in value of the dollar," INSEE says. On foreign markets the French positions also suffered erosion. The French share of the total exports of the eight principal OECD countries decreased to 10.6 percent from 10.9 percent, while the FRG's share was increasing to 24 percent from 23.4 percent. "This development," according to INSEE, "is all the more disturbing because in 1985 all of the European countries--except France--were improving their position in world trade." France is one of the few countries that have been unable to profit from the weakened competitiveness of the United States in its export markets.

[3.] The final element involved in the explanation of the poorer performances of the "made in France" label in 1985 is the unfavorable geographical orientation, together with specialization in unfavorable products, that have prevailed since the beginning of the 1980's. These two factors--which make for the structural fragility of our industrial exports--are very important for the medium term but have been masked by the successive monetary readjustments. Actually--as INSEE explains--France's adaptation to world demand has deteriorated steadily since 1980. The index of adaptation constructed by the Institute shows that whereas France's adequation to world demand sustained French exports from 1967 to 1980 (its contribution was estimated at +17 points), it restrained them after 1980 (-11 points between 1980 and 1984).

10992
CSO: 3519/219

CONSTITUTIONAL COUNCIL FINALIZES PRIVATIZATION PROCEDURE

Paris LES ECHOS in French 27 Jun 86 p 3

[Article by Claire Chazal: "Green Light for Privatization"]

[Text] The Constitutional Council yesterday rendered its decision concerning the draft of the government-sponsored economic and social enabling act. By declaring the document "in conformity, with reservations," the nine wise men of the Palais Royal are virtually discharging the government from all liability and in any case are giving it the green light to promulgate the law. The text has not been altered, and the legislative process can now follow its course: the law can be enacted in the summer, followed by the start of the operations, with one or two companies placed on sale before year's end.

To be sure, the Constitutional Council is imposing upon the government a number of conditions which relate basically to the privatization of the 65 firms and--incidentally--to the economic controls instituted by the laws of 1945 and fated to disappear by the terms of Edouard Balladur's measure.

Concerning the process of privatization, the Council has expressed four kinds of reservations, which must be observed at the time of the definitive drafting of the law establishing the practical modalities of the operation, as follows:

[1.] The first rule concerns establishment of the procedure for appraising the assets to be transferred. "The valuation shall be made in accordance with the methods customarily followed in connection with the sale of the assets of companies," the Council specifies, "taking into consideration especially the market value of the securities, the value of the assets, the earnings, the prospects for the future, and the individual situation of each of the affiliated firms." Moreover, the Council is requiring that the transfer values be determined by "competent experts who are totally independent."

On this point there is apparently nothing that really constrains the government. Balladur has in fact always indicated that he would use audit bureaus or other experts for the valuation, and also a specialized committee composed of qualified persons whose task would be to examine the transactions on a case-by-case basis. As for the collection of criteria stipulated by the Council, they appear always to have been included in the various drafts of the law, and in any case incorporate only practices that are quite current.

[2.] The second condition stipulated by the Constitutional Council derives from the first one: the government is enjoined from "selling at clearance-sale prices" assets that belong to the community. Pursuant to the Declaration of Human Rights, the nine wise men in fact stipulate that "assets or enterprises that are public property cannot be transferred for less than their actual value to anyone who is pursuing private interests."

[3.] The third rule is that purchasers must not be chosen on the basis of any privilege. The government could accordingly be directed to incorporate this principle into the law--a principle that is a priori somewhat vague and whose implementation can be controlled only on a case-by-case basis during the actual process of privatization.

[4.] The fourth condition is that national independence must be preserved. We know that this question has always been regarded as of decisive importance both by Matignon and by the Rue de Rivoli; the minister of the economy has often expressed his desire not to see the nationalized companies transferred too massively to foreign investors and managed by them. Camille Cabana is currently busy searching for ways of providing legal protection, and Edouard Balladur has now and henceforth accepted the principle of the "Golden Share": that is to say, preferred stock by means of which the French Government could oppose any transfer of title to a foreign owner, whether European or not.

All in all, therefore, these restrictions are not inconsiderable but in the final analysis impose few restraints on the government. In any event, the nine wise men said nothing concerning the "public monopolies" argument invoked by the opposition. On the contrary, the Council believes "that based on the information at hand, the enterprises to be privatized--and their subsidiaries--are not in reality monopolies and may therefore be transferred to the private sector." Concerning the issue of valuation--another talking point of the socialists--the Council is not very exacting either.

What controls can now be exercised over the action of the government in the matter of privatization? First of all there is the control exercised by the Council of State, which must study the law. The government is not obliged to accept its conclusions, however, and should theoretically be in a position to present its document toward the end of July. The Council of State could thereafter consider a case only if it is brought by one of the parties involved in the privatizations and at the time the properties are offered for sale: that is to say, in the fall of 1986. But such an appeal--brought by a taxpayer, for example--is highly unlikely and in any case is not a bar to subsequent legal actions.

There is still the president of the Republic. He signs the law, and can therefore refer back to the decision of the Constitutional Council to request--or not to request--the government to review its copy. In the light of the conclusions of the nine wise men, he will have very few arguments at his disposal. He will in any case be unable to rely on the Constitutional Council to oppose--as he apparently wished to do--the privatization of those companies that were nationalized before 1981. The government needs only to draft a new law at the end of 5 years, if--as can be anticipated--the privatization program has not been completed, and send it once again to Parliament.

10992
CSO: 3519/219

EEC APPROVES INFRASTRUCTURE FINANCING

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Jul 86 p 3

[Text] Community financing amounting to about 4 million contos, pertaining to 213 Portuguese projects which have applied to the European Regional Development Fund, was approved yesterday in Brussels by the European Commission.

The group of projects now approved originated from the local self-government areas and has to do with control over infrastructure facilities, especially in terms of reducing the shortages observed in the area of sewage and running water supply to homes.

Through this new financing, the Central Region is now compensated for the insufficient number of projects approved on earlier occasions; it got approval for 123 projects adding up to 1.5 million contos (11.3 million ECU).

On the other hand, the Northern Region got approval for 57 projects; the Algarve region has approval for one project worth 725,000 contos, while Madeira got 800,000 contos for all of its projects. The European Commission furthermore accepted 19 proposals of a multiregional character, after considering the program for the establishment of water supply facilities in the Dao-Lafoes zone as a project of major importance in the context of proposals now approved.

It is recalled that, ever since it joined the EEC, Portugal obtained approval from the European Regional Development Fund for 522 projects corresponding to a financing amount of 46 million contos. The amount now granted is a part of the fifth package this year which included 1,433 proposals pertaining to Belgium, Denmark, Greece, Spain, France, Ireland, Italy, Portugal, and the United Kingdom.

According to the European Commission, this financing contributed to the preservation and creation of 20,000 jobs, amounting to 48 million contos (334 million ECU), of which 15 million are destined for the area of industry, crafts, and services.

5058
CSO: 3542/130

ERRATUM: This BRIEF republished
from JPRS-WER-86-072 of 21 July 1986
to provide a correct monetary
designation.

BRIEFS

POSITIVE CURRENT ACCOUNT BALANCE--The current account balance for 1985 was positive by $411 million (65.161 million contos), according to provisional data published by the Bank of Portugal. This account was $520 million in the red in 1984 and in the previous 2 years it was negative by $1,640 million and $3,200 million respectively. This improvement was the result of a decrease in the trade balance deficit by $572 million and a positive balance for tourism totaling $902 million and unilateral transfers of $2,228 million (of which $2,093 million came from emigrant remittances). The basic balance, which is the total of current transactions and medium- to long-term capital, also showed a positive balance of $1,426 million (248.372 billion contos). [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 19 May 86 p 4] 9935/9738

CSO: 3542/106

INVESTMENT, ECONOMIC ACTIVITY SEEN INCREASING IN CATALONIA

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
19 Jun 86 p 2

[Article by ang.: "Catalonia Woos Foreign Investors"]

[Text] "Catalonia is traditionally the entry state for foreign enterprises in Spain, and now for non-European enterprises in Europe." Recently, this is how itwas expressed by Jordi Pujol, president of the Generalitat de Catalunya--the traditional name for the Catalan state government--, at an investment seminar in Frankfurt. Like many of his Central European colleagues, Pujol likes to be on the road as a skilled industrial canvasser for his region. Naturally, foreign enterprises interested in the Spanish market are quite aware that one can find good conditions for investments also in Madrid, in the area of Valencia-Alicante, or elsewhere. If investments follow certain large-scale projects, it may also lead to a very different choice of location. Events in recent years in the region of Zaragoza are an example of this. Catalonia--always a favored industrial location--in recent times has become even more attractive.

With a 16 percent share of Spain's total population, Catalonia provides more than 26 percent of the country's industrial labor force; it comes in for a 26 percent share of all Spanish imports and an almost 22 percent share of all exports; one-fifth of the Spanish national product is earned in Catalonia, but only 6 percent of its working population is still employed in agriculture (the national average is still above 17 percent). Many other economic indices are also favorably above average. By international comparison, Catalonia is in a good position, since meanwhile it has advanced into the circle of the 10 most industrialized regions of Europe.

True, all this is not new. What is new, however, is the advantage which Catalonia as an industrial location is experiencing as a consequence of Spanish membership in the European Community. The advantages of Catalonia's geographical location become effective to the extent in which conditions of a truly domestic European market are created. In addition to past orientation toward the Spanish market, new orientation toward the markets of southern France and northern Italy will be of equal, or even greater, importance. The imagination of market-conquest strategists finds rich food for thought here. Advantageous production conditions are combined with excellent sales conditions in the form of optimal connections by land, air and sea. Of course, this new situation must be thought through separately by individual sectors and even individual enterprises. Then new advantages become evident for greatly differing sectors.

After the Volkswagen take-over of the controlling financial interest in the Spanish car manufacturer SEAT on June 10, the Wolfsburg sales planners also have in mind Italy and France as sales territories for the new small and medium class car from the Spanish production plants. In the opinion of experts on the country, however, Volkswagen will probably have to learn some things the hard way in the unfamiliar Mediterranean ambiance.

Bertelsmann is another case. This German media giant suddenly advanced not only into the position of being the largest publishing company, but also the largest printing enterprise on the Iberian peninsula. Its modern large-scale printing firm Eurohueco S.A. in Castellbisal with a current daily production of 400,000 journals ("and there are still some free capacities") will serve as an important tool to penetrate the French market, which is considered difficult, "from the South." At least, this is what Rainer Hampp of the Spanish Bertelsmann group announced, without fear of a possible French "Hohenzollern" syndrome.

Thus the "new Germans" in Catalonia are decidedly Europe-oriented, while the "traditional Germans" were primarily or exclusively oriented toward the Spanish market, because of past political, economic or sector-specific conditions. This is especially true of the chemical and pharmaceutical industry which, from Catalonia, has built up a dominating position in the Spanish market. Not a single important German chemical enterprise is missing from their circle. But before they can take their place in a new division of labor, perhaps also internationally oriented, they will have to undergo a painful structural adjustment process. Within a few years, only about 150 to 200 firms will continue to exist of about 350 pharmaceutical enterprises in Spain today. This is the prediction of Klaus Schmider of Hoechst Iberica, and he foresees a survival chance only for the large ones and those capable of doing their own research. Parallel with Catalonia's acquisition of a new quality as a location due to membership in the EC, a change--at present not very noticeable, but inevitable--in its industrial structure is beginning.

International electronic enterprises are discovering Catalonia as a new location. Particularly striking so far is the concentration on Catalonia of Japanese investments in Spain. After the FRG, Spain is the second most important target country of Japanese investors in Europe. Yet not everything is happening in the sector of electronics, as demonstrated by the Nissan involvement in the Spanish commercial vehicle manufacturer, Motor Iberica; still, industrial and consumer electronics play a major part. At the time of joining the EC, there already were more than 60 Spanish-Japanese joint ventures or Japanese majority holdings; more than 250 Japanese enterprises had concluded technical cooperation contracts or licencing and know-how agreements with Spanish enterprises.

In the case of "high-tech" investments, Barcelona time and again is in strong competition with Madrid. While AT&T decided on Madrid for its European semiconductor production--after all, it is a joint project with the quasi-governmental telephone company--, after long soul-searching, Siemens gave preference to its traditional location in Conrella near Barcelona for its new Spanish research and development center. In a parallel move, an agreement was concluded with the three Catalan universities for research and development cooperation. This example demonstrates that Catalonia, in addition to its very favorable geographic location and very good transportation facilities, can also advance a third, and perhaps most important, advantage. An educational, training and research capacity, far above the country's average, guarantees a qualified labor force on all levels. While, above all, the acknowledged scientific qualification of engineers and chemical scientists makes possible investments by established foreign enterprises possible, in the case of numerous follow-up investments there appears an extensive need for qualified business, administrative and technical personnel, often difficult to satisfy. In Spain, this is due to the lack of a developed occupational training system in the German sense. This is one of the most serious deficiencies of the Spanish economy.

A few years ago, this circumstance brought about one of the most fruitful joint initiatives carried out by German subsidiary companies in Spain. They founded the Asociacion Hispano-Alemana de Ensenanzas Tecnicas (ASET), at first in Barcelona, later in Madrid, also; this proven dual system provides training for business administration employees. Furthermore, in Barcelona training for forwarding agents is offered; in Madrid, for bank officers. The diploma countersigned by the German Industry and Trade Association (DIHT) is the equivalent of the German commercial training certificate.

Catalonia was not spared the effects of the Spanish economic crisis, going on for years. At present, the unemployment rate stands at 22 percent, precisely the average of the entire country. Hardest-hit are mostly emigrants from within the country, primarily unskilled labor from Andalusia which streamed into the industrial belt of Barcelona in the 1960's, the years of "desarrollo," the frequently very disorderly and stormy economic growth in Spain. At the onset of the crisis, in the mid-Seventies, they were the first to lose their simple jobs. It is, however, an indication of the great assimilative power and inner stability of Catalan society that the danger of a socially virulent industrial proletariat was avoided despite this worrisome development.

As elsewhere in Spain, it is a priority goal of economic policy in Catalonia to create as large a number of new jobs as possible, meaning the legal, not the shadowy, side of the economy. A broad range of promotion tools also benefits foreign investors. This extends from the possibility of acquiring commercial lands locally free of cost, or at reduced prices, to rebates in interest rates and soft credits for small and medium-size businesses, to tax credits for investments in new physical assets, and fixed credits for creating new jobs. Direct job promotion is helped by reductions in social security taxes and direct subsidies between 120,000 and 2 million pesetas for each newly created job.

A special feature are the so-called zones of urgent re-industrialization, legally created on a central government basis, called "ZUR" for short (zona de urgente reindustrializacion). In the industrial area of Barcelona, also, such a ZUR was created. As before, the licence procedure for foreign investments, however, must be done through central government authorities in Madrid. But after the various liberalization steps of recent years, this has become rather a type of formalized registration procedure for the great majority of investment projects.

True licence procedures with the possibility of being turned down, which must seriously be taken into account, still exist for only a very few economic sectors (banks, insurance companies, media, air transport, and of course, all defense-related industries). But in contrast to former years, hardly any difficulties are being reported for such procedures.

The desire of the Catalan state government for even more independence with regard to an even more dynamic industrial policy and, if possible, with its own authority in the foreign trade sector, is something else, however. Neither the constitution nor the statute on autonomy provides for that, so far. As liberal-minded entrepreneurs, the Catalans sometimes resent noticeable restrictions--especially if party politics from the direction of Madrid are involved. If this happens, one has to acquiesce.

9917
CSO: 3620/746

INCREASE SEEN IN PUBLIC, PRIVATE SERVICE SECTORS

Barcelona LA VANGUARDIA in Spanish 21 Jun 86 p 56

[Article by Josep M. Carrau: "Employment in Services Increases"]

[Text] After publication of the results of a survey of the working population for the first quarter, I commented about 2 weeks ago on the favorable trend of job statistics here.

According to INE [National Statistics Institute] statistics, 120,000 new jobs have been created in the second half of 1985 and the first quarter of 1986. Therefore, I said that it could be stated that the loss of jobs had ended.

There is, however, one very important aspect that was not covered then for obvious limitations of space. If true, it could completely change the previous conclusion.

To what point is the creation of 120,000 new jobs due to the growth of employment in public administration? This increase is not due only to an increase in jobs in this sector although it has been the only sector which has had a major net increase in jobs throughout the economic crisis.

As is known, employment in public administration has increased by 350,000 people from 1977 to 1985.

The chart on the evolution of employment by sector shows how public administration has been the only sector that has been creating new jobs continuously throughout these years. It also shows that 1985 was a particularly expansive year.

Successive reductions in the level of employment in agriculture has its own dynamics that is explained by the surplus manpower that still exists in this sector compared to other developed countries. According to the latest available data, agriculture employs 16 percent of the total people employed. This figure does not even reach 8 percent in the EEC countries.

Industry lost 50,000 jobs in 1985 but shows a positive balance of 20,000 jobs if we look at the figures beginning in the second quarter of 1985.

Evolution of Employment
(changes in thousands of persons)

Evolución del empleo

(variaciones en miles de personas)

Sector	**1982**	**1983**	**1984**	**1985**	(1) **II S. 1985** (2) **I T. 1986**
3) Industria	-127	-37	-105	- 50	+ 20
4) Construcción	- 36	-27	- 54	- 1	- 1
5) Serv. privados	+ 43	-34	-103	+ 84	+101
Subtotal	**-120**	**- 98**	**-262**	**+ 33**	**+120**
6) Agricultura	+ 2	-40	- 68	-102	-123
7) Serv. administ. públicas	+ 49	+50	+ 29	+114	+122
8) **Total ocupados**	**- 69**	**-88**	**-301**	**+ 45**	**+119**

(9) **FUENTE:** Informe Anual del Banco de España.
Indicadores Económicos del Banco de España.

Key:

1. Second half of 1985
2. First quarter of 1986
3. Industry
4. Construction
5. Private Services
6. Agriculture
7. Public Administration
8. Total employed
9. Source: Annual Report of Bank of Spain; Economic Indicators of Bank of Spain

Construction has been a stable sector. It has not lost any jobs since a few years ago when the drop in employment was particularly intense in this sector.

Private services (trade, hotels, communications, etc.) have had the most noticeable change with the creation of 84,000 new jobs in 1985. This increases to more than 100,000 if we consider only the figures of recent months.

All the nonagricultural sectors, excluding public administration, experienced an increase of 33,000 jobs in 1985. This increases to 120,000 if we consider the evolution of employment beginning in the second half of 1985.

The different evolution experienced by the agricultural sector and public administration--negative in the case of agriculture and positive in the case of public administration--practically compensates for each other, particularly if we take the figures for the second half of 1985 and the first quarter of the current year. Therefore, there is a net creation of jobs that makes it possible to state that the loss of jobs has ended in the nonagricultural sectors--that is, in industry and private services.

7717
CSO: 3548/69

EMPLOYMENT, INVESTMENT RISE IN ELECTRONICS SECTOR REPORTED

Barcelona LA VANGUARDIA in Spanish 21 Jun 86 p 56

[Article by I. Ambros: "PEIN Means Business Investments in Cataluna of 20.442 Billion Pesetas from 1985 to 1988"; first paragraph is LA VANGUARDIA introduction]

[Text] When forecasts were made in 1983 about the results PEIN [National Information and Electronics Plan] should achieve, few imagined that they would be surpassed. In May 1986, the investment totaled 157,416,000,000 pesetas. Of this amount, 20,442,000,000 are in Cataluna.

Last 13 May, Minister of Industry and Energy Joan Majo gave a speech inaugurating Informat-86 and Exprotronica-86. His speech was filled with optimism for a reason. The forecasts for 1985 in PEIN had been surpassed. For example, there was a 17-percent increase in the use of electronics and information in 1985, 44 billion pesetas more than the forecasts for 1987.

According to data from the Ministry of Industry and Energy, by the middle of May 1986, investment projects under way totaled 157,416,000,000 pesetas. Of these, 13 percent or 20,442,000,000 pesetas correspond to projects being carried out in Cataluna. Some 12,891,000,000 pesetas or 63 percent of this involve agreements with multinational enterprises.

One major project is being carried out by the German company Siemens. With an investment of about 5 billion pesetas from 1985 to 1988, it plans to achieve production during that same period of 8.93 billion pesetas. Some 3 billion pesetas of this production will be exported. This German project includes the creation of 210 new jobs.

Most Important Electronics Agreement

However, the most important investment project through agreements with multinational enterprises is that of the ATT company Microelectronica de Espana, S.A. This company will invest 24.85 billion pesetas and will create 679 new jobs.

Spanish initiatives represent a total investment of 29,222,000,000 pesetas of which approximately 8 percent or 2.25 billion will be in Cataluna. This investment is 11 percent of the total investment in this region. One major project by the Diemen corporation will invest 455 million pesetas to increase its production of coils to 2 billion pesetas. It is estimated that about 900 million pesetas of this production could be exported.

The broadest investment project that will be carried out by Spanish firms in Spain is one by the military electronics firm Inisel, S.A. Officials of this firm estimate that, during the period 1985-1988, they should invest a total of 7.81 billion pesetas to achieve production of almost 16 billion pesetas.

Development of Pauta Plan

Another aspect of PEIN is the development of the Pauta Plan. Its planned investment for 1985-1988 totals 2,785,000,000 pesetas of which 287 million, or 10 percent, will directly affect Cataluna. Of this last amount, Sei, S.A., will invest 116 million pesetas to manufacture robots while the Total Computer Corporation will invest the remaining 171 million.

However, the main project in this field is being carried out by Investronica, S.A., which is involved in automating the manufacture of clothing. It will invest 457 million pesetas between 1985 and 1988.

Without any question, the subsector that has helped surpass all the forecasts in PEIN has been the information subsector. So far, projects under way in this subsector total 74,875,000,000 pesetas for 1985 to 1988, 48 percent of the total investments. However, this situation is not true for Cataluna where these investments only represent 6 percent of the total planned--that is, a little more than 5 billion pesetas.

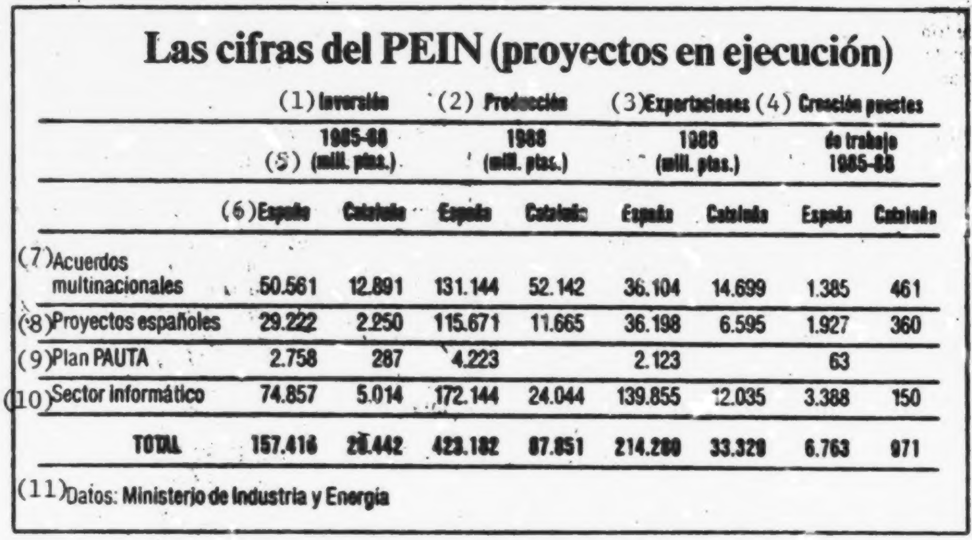
The main information projects under PEIN that will affect Cataluna are projects by Hewlett Packard, Hispano Olivetti, and Telesincro with investments of 2 billion, 1.712 billion, and 1.032 billion pesetas, respectively, for the period 1985-1988. However, these seem small compared to the dimensions of the project of the U.S. multinational firm IBM which plans to invest 40 billion pesetas between 1985 and 1988 for a production at the end of this period of 87 billion pesetas. About 86 billion of this will be from exports. This U.S. company will create 732 new jobs through this project.

Exports, Employment

As to the repercussions of PEIN in Cataluna compared to the rest of Spain, there will be a considerable increase in production in 1988 compared to investments. Therefore, while the economic efforts that the firms will carry out in this region barely represent 13 percent of the total, production here will represent almost 21 percent.

The ratio for exports and new jobs compared to the rest of Spain is similar to this ratio for investments. It is estimated that sales abroad will bring in 33,329,000,000 pesetas, 15.5 percent, for the firms in Cataluna while the ratio of new jobs in Cataluna is 14.3 percent.

PEIN Figures (Projects Under Way)



Las cifras del PEIN (proyectos en ejecución)

	(1) Inversión		(2) Producción		(3) Exportaciones		(4) Creación puestos de trabajo	
	1985-88 (5) (mill. ptas.)		1988 (mill. ptas.)		1988 (mill. ptas.)		1985-88	
	(6) España	Cataluña	España	Cataluña	España	Cataluña	España	Cataluña
(7) Acuerdos multinacionales	50.561	12.891	131.144	52.142	36.104	14.699	1.385	461
(8) Proyectos españoles	29.222	2.250	115.671	11.665	36.198	6.595	1.927	360
(9) Plan PAUTA	2.758	287	4.223		2.123		63	
(10) Sector informático	74.857	5.014	172.144	24.044	139.855	12.035	3.388	150
TOTAL	**157.416**	**20.442**	**423.182**	**87.851**	**214.280**	**33.329**	**6.763**	**971**

(11) Datos: Ministerio de Industria y Energía

Key:

1. Investment
2. Production
3. Exports
4. Jobs Created
5. Millions of pesetas
6. Spain
7. Multinational agreements
8. Spanish projects
9. Pauta Plan
10. Information sector
11. Data: Ministry of Industry and Energy

7717
CSO: 3548/69

THOMSON-CSF MILITARY RESEARCH PROJECTS REVIEWED

Radar, Sonar Developments Revealed

Paris ELECTRONIQUE ACTUALITES in French 20 Jun 86 p 12

[Article by H. Pradenc; first paragraph is ELECTRONIQUE ACTUALITES introduction]

[Text] Toulon--At Thomson-CSF [Thomson-General Wireless Company], naval equipment accounts for about 4.5 billion francs in turnover, 45 percent of which represents exports. It is a field in which important developments are taking place in connection with sensors and digital processing. This effort is particularly significant at the Thomson-SINTRA [Company for New Radio Techniques] Underwater Activities Company, which devotes some 15 percent of its earnings to the design of sonars and related processors. Important work is also being done by the Defense and Control Systems Division, which is placing earnest hopes in the use of multipurpose naval radar.

Thomson-CSF's naval activity, which is part of its Equipment and Systems Branch--an entity with 42,000 employees and a turnover in 1985 of 22.4 billion francs (of which 60 percent was generated outside France)--provided sales of 4.5 billion francs in 1985, with 45 percent of that amount representing exports. The Defense and Control Systems Division (SDC) and the Thomson-SINTRA Underwater Activities Company are each responsible for one-third of that activity. Other divisions and subsidiaries of the group account for the remaining third: the Electronic Systems Division, the Simulator Division, CIMSA-SINTRA, and the LMT-RP. Thomson-CSF's naval export activity is declining in comparison with the average for the Equipment and Systems Branch. Its naval activity is also faced with slow domestic orders and the uncertainty still surrounding the start of such programs as that for the French nuclear-powered aircraft carrier. Reexamination of the military program law by the new administration is contributing to the wait-and-see atmosphere.

Navifrance Joint Subsidiary Group

As far as exports are concerned, we recall that Thomson-CSF and the DCN set up a GIE [joint subsidiary group] called Navifrance a year ago to provide foreign countries with services leading to the definition of ships meeting the needs of navies. Such a step is obviously worthwhile from the standpoint of sales of Thomson-CSF equipment, even though the GIE offers to incorporate into the vessel whatever equipment the customer wants. What Navifrance has on its shelves in particular is a family of vessels derived from the F-2000 Sarawi frigate. The 10th Naval Exhibition, which will be held at Le Bourget in the autumn of 1986, will be especially important for promoting that GIE.

The Le Bourget Naval Exhibition will also provide Thomson-CSF with an opportunity to present new concepts in the field of submarines, with the submarine now being viewed as an integrated system. Being grafted onto a bus are the sonars--the key components of those vessels--and a very powerful digital processing system that will be shared by all the sensors. Among the other new concepts relative to submarines, Thomson-CSF mentions the hardening of systems against enemy countermeasures and measures relating to aircraft detection. Those developments are being pursued by Thomson-SINTRA Underwater Activities, a company that in 1985 recorded 1.122 billion francs in turnover and 1.5 billion francs in orders, 50 percent of them for export. Half of its foreign orders come from NATO members.

New Sonar Programs

Sonars account for half of the Thomson-SINTRA Underwater Activities firm's operations. That firm, which collaborated with Raytheon in designing a sonar for the U.S. Navy, is currently working with GESMA [Atlantic Underwater Study Group] to develop the DUBM-42 sonar, a new French program for surveillance of the continental shelf. The firm is also developing, with support from the DRET [Directorate Of Research and Technical Studies for Armament] and cooperation from GESMA, a new type of wire communication using optical fibers, a technology providing a definite acceleration in the flow of sonar data. The use of lasers in underwater detection is also being studied in cooperation with the DRET, GESMA, and IFREMER.

A series of developments is underway in the field of sonobuoys. We note in particular that the DICASS directional active buoy has entered the industrialization phase, that a preliminary study of low-cost buoys has begun, and that the French Navy has announced its intention to develop a DIFAR bidirectional passive buoy. In the field of signal processing, Thomson-SINTRA is now producing equipment for the ATL-2 known as SADANG. The first deliveries will be made in 1987. Also under development is a signal processor capable of 1 billion operations per second. Speeds of 160 million operations per second (more than that attained by the Cray-1) are currently being achieved.

Electronic Scanning

As is known, radars constitute the vital component of surface vessels. Current development programs at Thomson-CSF's Defense and Control Systems Division are concerned with two-dimensional surveillance systems, multipurpose radars, and fire control radars. The future belongs to multipurpose radars capable of facing up to multiple threats and handling surveillance. We recall that last year, the group bought a controlling interest in the Radant Research

Company (SER) so as to benefit from the latter's know-how in developing the future radars, notably in the field of air defense. The SER possesses know-how in the field of electronic scanning antennas and their applications to radar and electronic countermeasures. The advantage of a multipurpose radar is that it can provide airspace surveillance, fire control for missiles and guns, and in-flight guidance for missiles with homing heads.

The Arabel, the prototype of which is now being manufactured, constitutes one example of this radar category. It should be recalled that the Arabel is intended for the SAAN-90 weapon system that will equip the nuclear-powered aircraft carriers. For air defense, the DRBJ-11-B three-dimensional surveillance radar represents another application of electronic scanning antennas. This radar is intended for the antiaircraft corvettes and the nuclear-powered aircraft carriers. It is operational. We also note that the Crotale system has a new radar, the Castor-II-J, which tracks targets at a very low elevation angle and is characterized by a very narrow elevation bandwith and an elaborate specific processing system.

Communications System Research Described

Paris ELECTRONIQUE ACTUALITES in French 27 Jun 86 p 15

[Text] Fifty years after the start of activities related to radio equipment for military aircraft, the Thomson-CSF Telecommunications Division's Cholet Center has entered the era of electronic warfare. The TRC-950 tactical VHF-FM transceiver represents an outstanding stage in that development. The radio set of the future and the Satellite Radio Communication System (SYRACUSE) will constitute the next generations of military communications equipment.

With over 1,300 employees, the Cholet Center's mission is to design and produce the Thomson-CSF Telecommunications Division's series equipment. In the field of tactical communications, the center produces the entire range of HF and VHF battlefield equipment, most of it for export since the end of the big French programs. Belonging to this field are the new generations of equipment to counter electronic warfare. The TRC-950 frequency-hopping transceiver, which the FAR [Rapid Deployment Force] is beginning to procure, belongs to that category of equipment.

Cholet manufactures HF transmitters and receivers for ground-based communications. More than 3,000 items of equipment of this type have been produced (RS-560, TRC-1800, TRC-394, TRC-241, and TRC-243). In addition, over 100 BLI ERBM-9's and ERBM-10's for frequency-hopping SPIN communications are carried by French surface vessels and submarines. For the past 2 years, electronic warfare studies have been underway at Cholet in the areas of reception, locating, and monitoring. That equipment, combined with direction finders, will soon be supplied to the FAR.

The radiocommunication needs of the Armed Forces are evolving on three fronts. First, the protection of communications from interception and jamming is becoming a priority. Second, the Armed Forces need to transmit an increasingly abundant amount of information: by voice and in the form of text, maps, pictures, and data. Lastly, the notion of systems and networks has also made its appearance in this sector. These current requirements can be met only by advanced technology. To provide equipment of the next generation, greater use will be made of microelectronics. This will be the case, for example, with the radio set of the future, studies for which are underway at the center in cooperation with the division's Gennevilliers Center on behalf of the SEFT. In particular, this equipment will include 12 VLSI circuits, whereas the TRC-950 has 7.

Integration on silicon will also be very extensive in the case of the radio set of the future.

The Cholet Center also produces encryption systems and participates actively in the new generation of high-security equipment, particularly for the SYRACUSE program through its production of the MAC module.

11798
CSO: 3519/222

STUDY OF SHORT-RANGE ANTITANK MISSILE ANNOUNCED

Paris LIBERATION in French 12-13 Jul 86 p 5

[Article by Jean Guisnel]

[Text] The Army is marching faster than the band--its own military band--is playing. In a communique published on 10 July in the weekly SIRPA-ACTUALITE--a Ministry of Defense publication distributed by the Armed Forces Information and Public Relations Department (SIRPA)--the Army General Staff announced that it had received a "green light for the ACCP" (short-range antitank missile), whose "scheduled entry into service at the end of this decade will provide the infantry units with formidable antitank capability through the end of the century."

By publishing that somewhat triumphant piece of news, the general staff seems to be saying that the missile is in fact going to be produced, whereas the "start of development," which is the only decision actually made so far, means simply that the General Delegation for Armament is going to make a detailed study, lasting many months into the future, of the prototypes that will be submitted to it by the aerospace industry, which is the manufacturer of the ACCP. That period of intensive tests will then be followed--if the government says so--by a proper purchase contract on behalf of the Army. But we are a long way from reaching that point.

Over the past several weeks, Minister of Defense Andre Giraud has had occasion to point out many times that all equipment programs for the Armed Forces are currently being "reexamined" as part of the discussion concerning preparation of the military program law. Although nothing is to be allowed to slip through that net of thorough study, it is obvious that the construction of an aircraft carrier or the start of work on a new strategic missile will be scrutinized more closely than plans for procuring new antitank missiles, even though it appears that the need for the latter is not going to be called into question. All the same, for the purpose of keeping passions out of the choices that will be made in drawing up the military program law, certain manufacturers have been ordered not to mention the possible signing of development contracts to the press, and this applies to the ACCP in particular. According to a reliable source, that same rule also applied to the general staffs.

The fact that the Army tried to give a little nudge to what it is already presenting as its basic antitank missile of the future--it would like to have thousands of them--is easily understandable. The ACCP is in fact a weapon of revolutionary design without equal anywhere in the world today. Its chief claim to originality is that it can be fired from an enclosed space because of the very low ejection charge required. Propelled by a new "brute force" piloting system, it is fired at very low speed (20 meters per second) and is guided by nozzles located in the middle of the body of the missile. This wire-guided missile, which is effective at from 25 to 600 meters against every type of armor now in existence or planned through the year 2000, is said by by AEROSPATIALE [National Industrial Aerospace Company] to be particularly economical. Although its price has not been revealed, its manufacturer points out that "its design was dominated by a search for the simplest and most compact solutions... with its ammunition mass being limited to 11 kilograms and with an effort being made to keep its cost compatible with wide distribution within the infantry." Quite obviously, those characteristics captivated the Army--a little too quickly.

11798
CSO: 3519/222

DEFENSE MINISTER FAVORS PARTICIPATION IN NATO

Madrid ABC in Spanish 25 May 86 p 3

[Article by Narcis Serra]

[Text] To contribute to the defense of the liberty and democracy of Spain and our neighboring countries, to the defense of the West in sum, is one of our defense objectives pointed out by the president in the National Defense Directive with which in 1984 began the cycle that has given rise for the first time in the history of Spain to the General National Defense Plan and the Joint Strategic Plan.

This commitment, undertaken in an autonomous and sovereign way by Spain, harmonizes and extends into the freely accepted obligations that we have with the Atlantic Alliance, as one more loyal member, which we have been since 1982. Naturally, to belong to the organization of countries under a treaty created for mutual defense only makes sense if a military contribution is made to it, which in no way--let this question be clear--supposes the need, or in our case even the convenience, of having to do so from the integrated command structure, or military structure as it is called colloquially.

Spain, and in this there is no trace of contradiction with the conditions established in the preamble to the question in the referendum held last March, is ready to contribute from its particular position--all the member countries have different conditions--to military defense, to the development of arms cooperation, to the support of certain civil plans and the permanent dialogue to achieve disarmament.

I shall refer briefly to Spain's possible contributions in these aspects. The first question, an important one, is to stress that the most serious contribution we can make militarily to the alliance is to defend our own territory well, including our air and sea space and the Balearic Islands-Gibraltar-Canary Islands axis. Spain has the role of an intermediate base between air and sea reinforcements coming from the other side of the Atlantic and the European Command.

In the area of arms cooperation we participate in all the projects that--represented by the national arms directors--are carried out within the Alliance, in the Eurogroup and in the Independent European Group of

Programs, an organization formed by all the European member countries of the Alliance that is presided in 1986 and 1987 by Spain. Our active presence in these organizations and programs provides our country with advanced technology that we would not be able to obtain with our own resources, allows us to take part in research projects and participate in co-fabrication programs with undoubted industrial and commercial benefits for our industries and indisputable advantages for the national economy. In this area Spain contributes an industrial potential that is not to be disdained, its labor force and also a market that can absorb the products resulting from this multilateral cooperation.

The geostrategic situation of our country and the development of the Spanish economy and industry can also provide undeniable support to all the alliance's civil plans, such as transport, coverage and care of possible refugees as a result of any conflicts that may arise, the supply of fuel and food, among others.

Belonging to the Alliance also provides a privileged, perhaps unique framework to work seriously toward arms reduction, which is a basic question in the Socialist government's actions. Through the disarmament forums that exist today within the framework of the Alliance and outside it, Spain lets its voice be heard in the collective processes for defining positions, and participates in disarmament negotiations, contributing in this way to reaffirming the will of the Spanish people proclaimed in the preamble to our Constitution where it says "to collaborate in the strengthening of peaceful relations and effective cooperation between all the peoples of the earth."

Spain's contribution to the Atlantic Alliance is expressed through participation in the planning and programming processes carried out by the Atlantic Council, the Plans Committee--which are the Alliance's real decision-making organizations--and also in the work of the Nuclear Plans Committee and the Military Committee, in which we are present without thereby being obligated to belong to the Integrated Military Command.

It may not be superfluous to recall that the Nuclear Plans Committee is an essentially consultatory body, since any decision on use of nuclear weapons is exclusive to the United States and Great Britain, the only nuclear powers in the group, and in which it suits Spain to be present so as to keep itself informed, just as other non-nuclear countries (Denmark, Norway and Canada) are members, without this affecting or compromising our status as a non-nuclear country. It might be argued that France is not on this committee, but it is also known that it does not need to participate because it has its own nuclear force.

The Military Committee, another organization whose name may give rise to misunderstandings, functions in a military advisory capacity to the Atlantic Council and the Plans Committee, as organs for political decisions. Suffice it to recall that France, which like us does not belong to the Integrated Military Command, participates like Spain in this committee.

The model on which Spain belongs to the Alliance is thus effective and advantageous and scrupulously respects the terms approved by the referendum. We are not and will not be in the integrated military structure, but we will be in all the civil or non-integrated organs that may contribute to the better defense of Spain's interests, contribute to the defense of Europe, which is also our interest, and to being a country in solidarity with the other allies. And all this without losing a jot of our own independence.

Finally, possible participation in some aspects of the Alliance's military budget or the infrastructure program is a result of practical considerations, such as having available communications or warning and security networks that increase our own security and which will have to be established and laid out if the conflict should arise that we all want to avoid by combining detente (disarmament measures, trust, technological and commercial cooperation between East and West) with dissuasion, which is to have available a defense capability sufficient for the adversary to desist from initiating any aggression.

12856/12781
CSO: 3548/60

GOVERNMENT ARMS SALE POLICY QUESTIONED

Madrid EL PAIS in Spanish 11 Jun 86 p 16

[Article by Carlos Yarnoz]

[Text] Madrid--The Socialist executive power authorized during the past legislative session sales of arms to governments that do not respect human rights, such as Chile, and allowed the export of war material to intermediary countries despite knowing that the probable destination of the weapons was a country at war, such as Iraq, according to government sources directly connected with the Regulatory Commission for Foreign Trading in Arms. The arms sales have caused a confrontation in the electoral campaign between Vice President Alfonso Guerra and ex-president Adolfo Suarez.

Alfonso Guerra stated recently at a meeting during the electoral campaign that the Socialist government has sold arms to Chile because it had to fulfill previous contracts signed by the UCD (Union of the Democratic Center) government at the beginning of this decade when Adolfo Suarez, leader of the Democratic and Social Center (CDS) was president.

The contracts, which included the sale of planes, cannons, ammunition, machine guns and antiriot equipment for a total value of 13 billion pesetas, were signed during previous legislative sessions, but it was the Socialist government that authorized the shipping of this material to Chile.

All arms sales abroad have to be authorized by the above interministerial commission, which is composed of the directors general of the ministries of foreign affairs, defense, industry and economy. In the case of Chile this commission authorized during the past legislative session the sale of 21 C-101 planes by Construcciones Aeronauticas SA (CASA)--another 16 had previously been supplied--recoilless cannon from the Empresa Nacional Santa Barbara, heavy machine guns from CETME, bombs, and ammunition of various types.

The sources asserted that the Socialist government, through the commission, could have prevented the supply of this war material to Chile, as it did--this was only exception--in forbidding the sale of antiriot equipment to that Latin American country. At the present time, furthermore, two projects for collaboration with Chile in the area of military industry are under way. One is the proposed sale of two C-101 flight simulators and the other is the installation in Spain of the Chilean arms firm Cardoen, which specializes in aerial bombs and is trying break into the NATO market.

Countries at War

The Defense Ministry, in explaining the sale of C-101 planes to Chile, has always insisted that they are not offensive weapons but rather training jets. The C-101 was manufactured in Spain for such missions but the version intended for Chile is equipped with a cannon and several bombs as well as Sea Eagle antiship missiles, together with flying and radar systems that are adequate for combat. As a counterpart to the deal with Chile, Spain has bought from that country 40 light planes, Pillan basic training planes, the first of which has already been received by the Air Force.

Spain maintains officially an embargo on arms sale to countries at war, and since April also to Libya. However the commission restricts itself to requiring three legal conditions for arms exports: a certificate of ultimate destination from a country that is not at war; that transport should be effected in vehicles that are not the property of a country at war; and that the plane or ship used as transport should not stop en route at countries that are at war.

Nevertheless, the government, as has been admitted on several occasions by high defense, foreign affairs and commerce officials, is aware that some countries, especially in the Near East, provide ultimate destination certificates although the arms finally go to a third country, particularly Iraq. "Spain, under the present regulations, is formally and legally covered with the ultimate destination certificates," sources in the commission have said.

Each member of the commission has the right of veto over any deal, and on several occasions representatives of one department or another, particularly Foreign Affairs, have initially prevented sales of this type, but in some cases the government, which has the last word, has authorized the deal in the end. "It is a nasty little world and the companies apply strong pressure," one high government official has said.

In recent years Iraq has continued receiving recoilless cannon, ammunition of several kinds and aerial bombs, as well as anti-tank BO-105 weapons that were assembled in Spain under license from Germany, although in this case the contract was signed before the outbreak of the Iran-Iraq war. The defense minister, Narcis Serra, said yesterday in Barcelona that he cannot confirm that Spanish arms have arrived in Iraq, Enric Bastardes reports. Serra added that no offensive weapons have been sold--"not even a submachine gun"--to countries that are at war or have dictatorial regimes.

The International Institute for Peace Research has published in Stockholm its annual report on international arms trading and points out that Spain has taken eighth place in the list of arms-exporting countries--ahead of

Israel and Brazil--thanks to sales to Jordan, Mexico, Panama and South Africa during the past year, Ricardo Moreno reports from the Swedish capital.

The Socialist government's policy in authorizing the sale of war material abroad does not include any clause on respect for human rights by the purchasing countries. Amnesty International asked last year that some mention of this kind should be included, and requested stricter legislation in this area, since the government itself admitted in April last year through an authorized spokesman that it is not in control of arms exports.

Defense Minister Narcis Serra said 2 weeks ago that probably before the elections the government would approve new regulations to control arms exports. A high government official said yesterday that "there would be no buyers" if the government refused to export arms to countries that violate human rights.

Communist leader Santiago Carrillo commented yesterday in El Ferrol that the Socialists should not have fulfilled the contracts with Chile, and recalled that in dictatorial countries the weapons are used to prop up dictators, Rocio Garcia reports. Reformist leader Miguel Roca asserts that it is "pointless" to argue about arms policy in the campaign, Jordi Mercader reports.

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END

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25 AUGUST 1986

West Europe Report

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CONTENDERS EAGER TO FILL GAP LEFT BY VS PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 86 p 7

[Commentary by Morten Larsen: "Crunch on Left Flank to Take Place of Left Socialists"]

[Text] The Left Socialists' [VS] latest crisis may claim the life of the party so that it will not receive sufficient votes for a seat in Parliament. In such a case, the party may leave a hole on the left flank which can become even larger if SF [Socialist People's Party] fails its voters' expectations in a coalition with the Social Democrats [S]. It is difficult to make a safe prediction of who would fill the hole. BERLINGSKE TIDENDE has taken the left flank's temperature.

The Left Socialists may leave a gaping hole on the left flank if decimation of things results in the voters wandering other places on election day.

For the last ten years, the Left Socialists have been united in filling up the area to the left of the Socialist People's Party--except for the competitor on Dronningens Tvaergade, the Danish Communist Party [DKP].

The communists were forced to say goodbye to Parliament in 1979, and since then, the party's voter appeal has steadily and quietly withered so that today, the party is not a serious bidder as a stand-in for VS.

There are many reasons for this, and first and foremost is the fact that the party today cannot appeal to the group of voters who have completed or are completing a higher education and who previously have formed the nucleus of support for VS among the voters. The same applies to the breakaway group from DKP, seamen's leader Preben Moller Hansen's Common Course Club.

"His proletarian popularism is not addressed to these people," according to Benito Scocozza, the former head of the languishing Communistic Worker's Party (KAP).

'SF Just a New S'

Scocozza believes that the empty hole left by VS in Danish politics already exists and he cannot see today who will fill it.

"We are waiting for a socialist government with which people will become satisfied. The next election will be SF's election. When it finally dawns on the voters that SF has become just another type of Social Democratic party, they will become disappointed, and then a party may pop up which will fill the hole," states Benito Scocozza.

He does not dare predict whether it will be one of the existing parties from the left flank which will fill the gap, or whether a new party will be formed by the dissatisfied SFers. The crunch on the extreme left wing is great. The common issue for the Communist Worker's Party (KAP), the Socialistic Labor Party (SAP), and the Danish Communist Party/Marxist-Leninist Line (DKP/ML) is whether they can gather enough signatures to be entitled to a place on the ballot.

But the voters on election day are so few that the matter is embarrassing for all except the parties themselves.

Maybe The Greens Can

The Greens must not be excluded as the party which can fill the gap left by VS--if there is a hole--believes voter researcher, assistant professor and political scientist Steen Sauerberg.

"There is in fact something which makes this likely. Primarily, there is great consistency between the placement of the various political positions, and the Greens' policies, in terms of a left/right spectrum, which positions the Greens on the left flank," says Steen Sauerberg.

On the other hand, he will not write off in advance the possibility of the VS Party returning again.

"They are not sunk yet, and SF's takeover of the area to the right of the Social Democrats can mean that some of the party's voters will support VS. The appeal of SF to the middle can result in some defections, and so, today there is only VS and the Greens. In addition, in the next election, VS may receive sympathy votes from SF and the Social Democrats which will prevent the party from falling below the minimum ballot-qualifying requirement so that the representation in Parliament will tip to the right," states Steen Sauerberg.

One of the Social Democrat's strong ideologic cards in the parliamentary delegation is former Education and Social Minister Ritt Bjerregaard. She also will not write off the possibility of VS surviving.

She points to the fact that the party always has been marked by defections and typically they have occurred each time there has been a prospect that VS votes perhaps could be useful.

"I think there are voters who do not agree with VS but who vote for the party because they think there is a need for those votes and because the party has capable people in Parliament. It will pose problems for them that two of those who defined the party for the outside world are now leaving VS--but the party can survive this if it has enough time," Ritt Bjerregaard believes.

She adds that the only possibility which the Social Democrats have today for posing as an alternative to the non-socialist government is jointly with SF, since the non-socialist government, in all matters involving economic policy, have acted without the Social Democrats' support.

Ritt Bjerregaard absolutely will not foreclose the possibility that following a change of government, the Social Democrats would be able to pursue policies jointly with SF which would bear fruit.

"Who would have thought such different parties as the Christian Democrats, the Central Democrats, the Liberals and the Conservatives would have been able to stick together as long as has in fact occurred? The durability of an S-SF coalition remains to be seen," states Ritt Bjerregaard.

The Socialist People's Party's group leader, Ebbe Strange, does not believe that VS will die from the split.

"What takes the greatest toll on a party is not a break itself, but the fight which occurs prior to the break. Some have defected now, who have held views for a long time which were more SF than VS, and others have returned who want VS to stand up again. I think VS can do that; particularly if the election does not occur before 1987, they then will have enough time," states Ebba Strange.

Preben Moller Hansen's Common Course Club is not given very great chances by Ebba Strange, particularly not if the shattered expectations survive VS.

"VS voters are people with a more intellectual background than those to whom Preben Moller Hansen appeals. I do not believe that his style appeals to the Danish left wing," states Ebba Strange.

SF Will Fill Gap Somewhat

SF's group leader also will not agree that a binding S-SF coalition necessarily would shove SF so far to the right that a gaping hole would result on the left. "What is interesting in the recent couple of years' debate within SF concerning cooperation with the Social Democrats is that we have made such an open and realistic presentation that support has come from the left flank for SF and not for the other parties. Thus, the issue is whether, in a coalition with S, we can maintain the dialogue with the labor movement and the other populist movements. If we can, we would ensure that the other parties also could not maneuver into a good position during the interim. But we need to perform well if we are to succeed."

"This requires, among other things, that we must be good at making proposals which do not involve just the economy. Local democracy, self-determination and cultural influence are issues about which people are very, and maybe even more, concerned. If we are able to fulfill this need, we will be able to fill the hole on the left," states Ebba Strange.

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POLITICAL DENMARK

INCREASED MANIFESTATIONS OF CONSERVATISM AMONG YOUTH

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jul 86 pp 10-11

[Op Ed Article by Palle Svensson and Lise Togeby]

[Text] One cannot rule out the possibility that the chairman and deputy chairman of the Conservative Youth Organization will be right in their claim that it will only be a question of a few generations of left-wing oriented young people. It is possible that the nonsocialist-oriented 15-17 year-old young people will not go through the left-wing orientation which has characterized the generation before them.

It is widely held that young people of today are considerably more right-wing oriented than the previous generation of young people. Some people even talk about a nonsocialist youth rebellion which rejects the attitudes held by the 68-generation of left-wing oriented young people.

There are many arguments in support of the claim that there has been such a change in the attitudes of young people. One argument is the way young people dress. Everybody can see with his own eyes that jeans and Icelandic sweaters have been replaced by brand-name clothes from Lacoste and Benneton. Another argument is the growth of recent years in the membership of the Conservative Youth Organization, which nearly tripled from 1979 to 1983. Finally, the results of a poll taken among young people in 1984 at the request of the Conservative Youth Organization to examine the attitudes of young people have been used as a third argument.

The said poll among young people showed, among other things, that there are major differences in attitudes among the older and younger age groups of young people. The older age groups are more left-wing oriented than the younger age groups. By way of example, the older age groups are more sympathetic toward grassroots activities and are less sympathetic toward the EC, while, conversely, the greatest sympathy for the Conservative Youth Organization is found among the youngest age group. In a commentary on the poll, Robert Spliid and Jesper Fabricius, national chairman and deputy national chairman, respectively, of the Conservative Youth Organization, conclude that the poll shows that there have been major shifts in the attitudes of young people during the past decade. "The student rebellion echo-generation still has a certain amount of sympathy for the left wing, while the new generation of young people leargely has conservative views." (Robert Spliid and Jesper Fabricius: "Is It Possible to Build on Cobblestones;" Conservative Youth Organization Publishers.)

This description of young people and their development, however, is wrong. The parties of the Left wing have never received as great a support among young people as they received in the last elections to the Folketing in January of 1984. Here, more than one third of the voters under 25 years of age voted for the parties to the left of the Social Democratic Party. By way of comparison, only 17 percent of the young people voted for the Left wing in 1971. Young people today also vote more to the left than the 68-generation does today. The young people of the eighties thus seem more left-wing oriented than the young people of the seventies.

Why then the idea of increased conservativism among young people? First, there is hardly any doubt that conservative young people have become more active of recent years. They have become more confident, and they assert themselves to a greater extent both within the institutes of education and in the public debate. At the same time, nonsocialist young people rally round the Conservative Party where, previously, they supported several parties. That is why nonsocialist young people seem to constitute a larger group than previously, but their number is not necessarily larger.

Equally important, however, is the fact that it is a fallacy to interpret age determined differences among young people as an indication that one generation of young people differs from the other. It is presumably more correct to interpret such differences as an indication that a shift to the left is taking place among many young people from the age of 16 to 25. Most young people between the ages of 15 and 17 have today rather conservative or nonsocialist attitudes, but that was also the case for 15 to 17-year-old young people 5 years ago, and the same thing applied in 1968. On the other hand, it has long been the case that young people became more left-wing oriented with age. It is the 25-year-old young people who are left-wing oriented, not the 16-year-old young people.

A comparison between the said poll among young people in 1984 and another poll of young people which was carried through in 1979 will show that this is the case. The interesting thing is that the 1979 poll showed exactly the same differences between the age groups as the poll in 1984. In 1979, 16-year-old young people were also considerably more conservative than 25-year-old young people. And it is these very nonsocialist young people who 5 years later, in 1984, are referred to as the "echo-generation" of the student rebellion. The fallacy thus is that differences between age groups are interpreted as differences between generations, whereas it is actually the individual person who changes his attitude in the course of his years of youth.

There are many indications that the decisive formation of political attitudes takes place in the years of youth. In the course of these years, young people extricate themselves from the environment of their parents when starting their own adult lives. They experience the educational system, they get in contact with the trades and industries, they get a new circle of friends, they marry and have a family, and they meet with the public authorities as independent and responsible individuals. It is in the course of the years of youth that the economic and social conditions for their adult lives are formed, and it is therefore also in the years of youth that the basis for political attitudes and conduct is formed.

This has presumably always been the case, but it has probably become more clear of recent years. This is especially due to the very strong social changes which have marked the society during the period since World War II. These social changes have brought about big differences among the generations, as far as education and employment are concerned. There is especially reason to point out that, on account of the longer years of education, the period of youth has become extended and has thus become more significant. In the political sense, the decisive years of youth are hardly the years from 15 to 18 but rather the years from 18 to 25.

Studies of the party choices of the electorate have shown that young people are more flexible than other age groups. Young people change parties more frequently, and they are more inclined to be influenced by election trends. There is no reason to assume that this flexibility only applies to party selection. It is to be expected that young people to a larger extent than older people will adopt the current attitudes and behavior patterns. It is, moreover, to be expected that they will replace the political viewpoints passed on from their parents by viewpoints which fit their own situation in the society, their education, work and place of residence better. Finally, it is to be expected that, in the course of the years, there will be a certain amount of stabilization of the attitudes adopted during the years of youth. Most people become conservative as they grow older in the sense that "one does not forget one's earliest lessons."

If one accepts the theory that it is in one's years of youth that one's political attitudes are formed, the next question will be why there is a shift toward to Left throughout the years of youth among many young people. The explanation of this phenomenon is to be found in the change of the society which has taken place in the post-World-War-II years and especially in the course of the last 25 years. During this period, there has been a sharp decline in the rate of employment within the agricultural sector, at the same time as there has been an increase in the rate of employment within the tertiary industries, especially within the educational, social and health sectors. In other words, there has been a sharp increase in the groups which may be referred to as the new intermediate strata. In this context, there has been an enormous increase in the employment rate of women, so that nearly all young women today are employed.

It now appears that it is primarily young people with secondary school diplomas, young people who are employed within the tertiary industries and young people who become educated within the educational, social and health sectors who become more left-wing oriented. This applies, to a marked extent, to young women. There thus seems to be a correlation between the changes in the employment structure and the changes in the formation of political attitudes.

The last few years have seen a considerable political mobilization of the new intermediate strata. Young people who become educated for and find employment within this expanding sector have become interested in politics and politically active. They have a high rate of participation in elections and they are relatively active within the political parties, and they do a lot of work within their trade unions. However, the most important thing is that the new intermediate strata participate a greal deal in grassroots activities. They participate in demonstrations, public meetings, festivals and in actual actions. If one were to emphasize a single factor determining the political attitudes of the new intermediate strata it would be their participation in grassroots movements. It is in the cooperation created through this participation that the attitudes of the left-wing oriented are formed and their affiliation to the left-wing parties develops.

Not all young people are actual or potential members of the new intermediate strata, nor do all young people participate in grassroots activities. Nor is it therefore all young people who become left-wing oriented in the course of their years of youth. But it applies to all of them that it is their education and employment which are the most decisive factors in the formation of their political attitudes and their choice of political party. The new intermediate strata vote primarily for the left-wing parties, and young laborers vote, to a large extent, for the Social Democratic Party, whereas salaried employees within the private sector and the self-employed primarily vote for the nonsocialist parties.

One may, finally, ask the question whether this development will continue. Will young people, with each election, become increasingly left-wing oriented? Will the current relative strengths within Danish politics gradually become fundamentally changed? The answer to these questions will depend on the developments that will take place within the society in the coming years. If the increase in the number of young people who are undergoing an education of longer duration ceases, if a larger number of well-educated young people are given educations aimed at the private sector, and if the trend for an increasing number of young people to become employed within the new tertiary industries slows down or ceases, this will presumably have an effect on the formation of political attitudes and party choices among young people.

Similarly, if less young people participate in grassroots activities, and if more young people return to political youth organizations and party organizations, this will presumably also affect the formation of political attitudes and party choices among young people.

Therefore, one cannot entirely rule out the possibility that the chairman and deputy chairman of the Conservative Youth Organization may be right in their contention that there will be only a few generations of left-wing oriented young people. It is possible that the present nonsocialist-oriented young people between the ages of 15 and 17 will not undergo the left-wing orientation which marked the generations of young people before them. So far, however, there have been no signs of any such change.

Text Under Photos

Palle Svensson and Lise Togeby both work as lecturers at the Institute of Political Science at Århus. They have together written a recently published book on the political attitudes and behavior of young people. This article was based on their book.

7262
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GOVERNMENT ISSUES REPORT ON EXTREMISM, TERRORISM IN 1985

Increase in Terrorism Noted

Bonn DAS PARLAMENT in German 28 Jun 86 p 9

[Unattributed article: "Zimmermann Presented Report on Protection of the Constitution 1985"/Number of Terrorist Acts by Left Extremists Has Risen/ For the First Time, Chapter on Protection of Secrets]

[Text] On June 10, Minister of the Interior Dr Friedrich Zimmermann, before the press in Bonn, presented to the public the report on the protection of the constitution 1985. Publication of such a report is a part of the duties of the Federal Government to inform the public on extremist endeavors. In the 1970's, this duty was confirmed by the Federal Constitutional Court. The establishment of the Protection of the Constitution German intelligence service against subversive activities , among other things, is mentioned in Articles 73 and 87 of the Basic Law. The report on the year 1985 proves that political extremists have used increased terror and force in the past year to attain their subversive goals. Compared to 1984, the number of terrorist acts by left extremists rose from 1,269 to 1,604. The number of terrorist acts perpetrated by right extremists has dropped from 83 (1984) to 69 (1985). The report on the protection of the constitution also shows that the activities of terrorists and hostile secret services against the FRG have continued unchanged. For the first time, the report also carries a separate section on "Protection of Secrets." According to Zimmermann, it is of great importance as preventive counter-espionage. Over-all, the Minister of the Interior assessed the report on protection of the constitution 1985 as proof that our state "successfully passed the challenge of extremism and terrorism, and increasing politically motivated violence." Among other things, the minister stated before the press the following details:

Left Extremism

In 1985, also, the activities of left extremists aimed at preparing the ground for a gradual dismantling and final abolition of our free, democratic basic order. The number of acts of violence, motivated by left extremism, rose from 1,269 in 1984 to 1,604 in the year under review. The number of terrorist attacks contained therein rose from 148 to 221 compared to the previous year. The proportion of particularly serious cases was again strikingly high. Total damage caused by terrorist attacks is estimated at more than DM 35 million.

The number of members, and the structure of organized left extremism, hardly changed in 1985. After deducting multiple memberships, membership of left extremist organizations remained almost the same with 61,300 members (61,200 in the previous year). Membership in organizations influenced by leftist extremism, also excluding multiple memberships, decreased slightly with 51,500, vs. 55,300 in the previous year. Circulation of periodical publications of left extremist core and subsidiary organizations remained almost the same with individual copies of 4,867,925 (1984: 4,905,700), and a total annual circulation of 35,025,600 (1984: 35,098,800). Dominant subjects and fields of action of the left extremists were again protests against NATO and against strategic projects in the Western defense alliance, as well as the so-called "anti-Fascist struggle" and solidarity with "revolutionary movements" in the Third World. Other campaigns were directed against measures for the protection of internal security and against economic and social policy.

Left extremist parties want to overcome continuing failures in elections through election alliances. This willingness has grown further among the alliance partners of the left extremists. In elections to student parliaments, left extremist and left extremist-oriented groups captured 29.5 percent of the seats, a 1.3 percent increase over the previous year.

With its numerous subsidiary organizations and a far-reaching network of associations under its influence, the "German Communist Party" (DKP) and its equivalent in West Berlin, the "Socialist Unity Party of West Berlin" (SEW), remain organizationally the strongest and most active force in the left extremist spectrum. Membership in the DKP and SEW and its subsidiary organizations--after deducting multiple memberships--remained unchanged from the previous year with 54,375. The corresponding figure in organizations influenced by the DKP and SEW dropped slightly from 53,250 in the previous year to 49,875. In 1985, also, DKP and SEW subordinated themselves without reservations to the ideological and political dicta of the "Communist Party of the Soviet Union" (CPSU) and the "Socialist Unity Party" (SED). As part of the "Communist world movement," they are supported by foreign "fraternal parties" and directed and largely financed by the SED.

The Moscow-oriented communists see in the "alliance policy," i.e., cooperation with non-communist forces, the decisive means to broaden the political base for implementation of political demands of the day. In the intent of the communists, these demands must be appropriate to bring them closer to the final goal of a communist state and social order. It can also be demands which, in themselves, are not subversive. Orthodox communists were successful with their "policy of alliance" in 1985, also. They could rightfully claim that in recent years, they succeeded to a considerable extent in breaking out of political isolation and that willingness "to go into action jointly with them" had grown. As experience has shown, cooperation with communists promotes their initial revolutionary stages, but weakens one's own political position. At universities and in individual campaigns, DKP and SEW with their subsidiary organizations and those under their influence reached far beyond their circle of adherents because of the alliance policy fostered by them.

The groups of the "New Left," i.e., left extremists who must not be ascribed to Moscow-oriented communism, remained splintered ideologically and organizationally. In 1985, also, they participated in planning, strategy discussions and actions of the so-called "peace movement." Other subjects were, for instance, "anti-Fascism work" and resistance against new technologies with the slogans of "supervisory state" and "computerization." Most groups of the "New Left" favor political violence; many, especially politically "autonomous" ones, also apply it--the transitions to terrorist action forms continue to be in flux.

Terrorism

The crimes of terrorists increased again in 1985. The "Red Army Faction" committed two murders: on 1 February 1985, MTU-chairman Dr Ernst Zimmermann, on 7/8 August 1985, US Army soldier Eduard F. Pimental were assassinated. The bomb attack on the US Rhein-Main Air Force Base of 8 August 1985 was also meant to kill people. Two persons died, many were injured, some of them severely. In two cases, the perpetrators died while transporting homemade explosive devices.

About one-fifth of all attacks were directed at military installations of the German army and NATO alliance partners, as well as enterprises that also manufacture armament products. Buildings of the police, justice administrations and other authorities were secondary targets. Industrial enterprises, department stores and financial institutes were also targeted for attacks.

The "command sector"--i.e., the gang members gone underground--of the "Red Army Faction" with about 20 persons has again the personnel strength of the mid-1970's. As before, the "Red Army Faction" managed to balance the numerous arrests in the past with new gang members from surrounding sectors.

After there had been a decline in terrorist activities by the "Revolutionary Cells" and their autonomous women's group, "Red Zora," in 1983 and 1984, the number of arson and explosive attacks during the year under review was again clearly on the increase (a total of 18).

In addition to the "Red Army Faction" and the "Revolutionary Cells," numerous other groups--primarily of the left extremist autonomous scene--, but also individual perpetrators are responsible for a large share of the arson and explosive attacks. They often follow the concept of the "Revolutionary Cells" in selecting the targets for attack as well as in planning and implementation of the attacks.

Right Extremism

German right extremists--some openly, some covertly--strive for totalitarian or at least authoritarian government forms and reject parliamentary representative democracy. Their mainsprings are a nationalism which limits human rights of freedom excessively and is directed against the idea of international understanding, as well as racism, which often includes a militant hostility against Jews and foreigners. The Neo-National Socialists (neo-Nazis) among the right extremists want to reestablish an NS state. They deny NS crimes and German guilt for the outbreak of the Second World War.

In 1985, right extremists committed 69 acts of violence, five of them terrorist attacks. This means a decrease compared to the previous year, when there were 83 violent acts, 11 of them of a terrorist nature. The number of threats of violence also dropped in the year under review, namely from 159 in the previous year to 127. Nevertheless, the willingness to commit violence persists particularly in neo-Nazi circles, which is also demonstrated, for instance, by numerous finds of firearms, ammunition and explosives.

While the number of right extremist organizations shrank from 89 in the previous year to 78, the total membership of right extremist organizations remained constant at 22,100. Membership of the "National Democratic Party of Germany" (NPD) with about 6,100 members remained as steady as that of the "German People's Union" (DVU) with over 12,000. Nationalist-neutralist efforts, which had primarily been fostered since the beginning of the 1980's by the NPD and meanwhile have been adopted by almost all of the right extremists with the exception of the DVU, often go hand in hand with militant anti-Americanism which already in the past has led to serious attacks on U.S. soldiers stationed here.

The number of known neo-Nazis during the year under review rose from 1,350 to 1,420. The "Social Revolutionaries" or "National "Revolutionaries," who are increasingly gaining a voice within German right extremism, are Neo-National Socialists. They base themselves on the left, so-called Strasser wing of the NSDAP in the Weimar Republic and reject Hitler as the leading figure of national socialism. Frequently, this wing sees its political position in the proximity of left extremists and so-called "anti-Imperialists."

The militant-acting neo-Nazi circles maintain intensive contacts with like-minded foreign adherents, whereby organizational or propagandist plans and conspiratorial arms procurement frequently play a role. The attempts, especially by neo-Nazis, to indoctrinate violent Skinheads, have failed almost everywhere. Nevertheless, they are a potential for violence which they like to use against political enemies.

The total number of right extremist "publications" remained unchanged at 87. Their actual total circulation increased in the reporting year by 81,600 to 8,538,600.

Foreign Extremists

As in previous years, foreign extremists agitated primarily against the political, economic and social conditions in their homelands. Compared to the previous year,previously noted agitation against conditions in the FRG and foreign policy decisions of the Federal Government was increased by some groups of foreign extremists. As in previous years, foreign extremist groups on German soil impair security and important internal and foreign policy concerns of the FRG. Palestinian, Turkish, Kurdish, Iranian and Yugoslav extremist groups were the most noticeable. Furthermore, there were indications during the reporting year that terrorist operations were directed by foreign government authorities, who are persecuting their opponents abroad.

The membership of organizations of extremist foreigners remained nearly the same with about 116,300 (1984: 116,000). During 1985, 81,550 of these belonged to left extrimist organizations, 3,000 to right extremist groups, 20,300 to Islamic-extremist associations, and 11,450 to nationalist extremist groups.

Palestinian groups continued activities endangering security. Over-all, however, activities by branches of Palestinian resistance organizations in the FRG remained few. In other European countries the number of attacks and attack preparations by Palestinian commandos increased considerably.

The decline of Yugoslav exile organizations continued. Efforts to overcome the splintering of Croatian emigrants through mergers, failed. As in the previous year, no political assassination attempt on exiled Yugoslavs in the FRG took place.

The number of attempted or implemented acts of terror or other serious acts of violence grew from 9 to 15 compared to the previous year. On the other hand, the total number of acts of violence, including lesser acts of violence such as damage to property and unlawful entry, clearly declined from 108 in 1984 to 76 in the year under review.

GDR Seen Financing DKP

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 11 Jun 86 p 2

[Article by Guenter Bannas: "The Flow of Money Comes from East Berlin"/ "Special Relations" Between DKP and SED]

[Text] "To point to new hopes and possibilities means these days above all to see the significance and effect of 27th Party Congress of the Communist Party of the Soviet Union. We have welcomed and appreciated this party congress as a party congress of extraordinary, even historic, significance." Herbert Mies, chairman of the German Communist Party, won't have anything said against his friends and bosses in the East, neither in public nor in the executive committee of the DKP. But the West German communists are particularly close to the Socialist Unity Party in East Berlin. The SED pays and determines the course, and the report on the protection of the constitution, presented on Tuesday, shows how this functions.

"The regulations of authority in the Central Committee of the SED are already an expression of the special relations between SED and DKP." There exists a department called "international relations," but it is only responsible for relations with other, non-German "fraternal parties." Responsible for the DKP is the "department for international policy and economy"--until 1984 known as the "West department"-- headed by Gunter Rettner since November of last year. He can rely on his SED bezirk leaderships. Each one of these bezirk administrations is in charge of one of the "sponsorship bezirks" of the DKP: Rostock "takes care" of Hamburg, Frankfurt/Oder and Erfurt look after Hesse, Leipzig and Halle tend "Ruhr Westphalia," Karl-Marx-Stadt sponsors "Rhineland-Westphalia," and Dresden looks after Baden-Wuerttemberg.

Of greater importance probably are the contacts between East Berlin and Duesseldorf, where Herbert Mies has his office. "The direction of the DKP and its considerable material support by the SED are largely carried out by conspiracy," the report states. Details on how this conspiratorial cooperation functions are not mentioned, possibly in order to protect "sources," which in turn seems to indicate that Herbert Mies cannot trust all his comrades in the party's executive committee. It is mentioned, however, that the two party leaderships--of which at least one deserves this title only to a limited extent--annually decide on a "general plan," which is then concretized through "individual plans" of the bezirk organizations. There are talks between functionaries of both parties on various levels, there are reports from the DKP to the SED leadership, and they also keep DKP documents--more precisely, cadre documents. That ensures SED control over its "fraternal party."

The DKP leadership does not seem to have an easy time in its work, since the report on the protection of the constitution registers "signs of resignation at the party grassroots." Despite solid organization, the number of DKP members has been stagnating for years at 40,000, and in 1985, also, there have been "no indications" of membership growth. New memberships just about balance withdrawals. New members, however, have to be trained according to party doctrine. The report states that annually about 300 DKP members attend "training courses in the GDR and USSR, lasting a month, 3 months, or a year," and in East Berlin the "SED Party School Franz Mehring" (a fellow traveler of Rosa Luxemburg's) is at the disposal of the DKP, as well as the academy of the "Free German Youth," named after Wilhelm Pieck, which offers study places to the DKP. Higher leadership cadres, of course, are trained directly in Moscow at the "Institute for Social Sciences" of the Central Committee of the CPSU.

Many a financial source of the DKP also points to East Berlin. The DKP listed its expenses at DM 17.4 million, about DM 8 million from contributions. "Actual total expenditures were probably considerably higher," states the report on the protection of the constitution, since expenses for the "several hundred full-time DKP functionaries and aides" alone probably was several times more than the DM 6.9 million officially listed by the DKP. Some of the DKP functionaries were carried on the salary lists of trade enterprises close to the DKP, "without actually working there." Several pieces of real estate of the German Communist Party, their party headquarters among them, are registered under such firms. The report on the protection of the constitution states that millions had been required to cover expenditures in kind of the "costly party apparatus," which was even enlarged last year by a representation in Bonn. At the opening reception, the leadership people were there: Soviet ambassador Semyonov, the permanent representative of the GDR in Bonn, Moldt, and Herbert Mies, of course. "For these expenditures of the DKP, over DM 65 million were probably conspiratorially brought into the FRG from the GDR in 1985," and there were additional "monetary services" by the GDR, such as the "gratis use" of training institutions.

9917
CSO: 3620/762

CDU STEADILY LOSING WOMEN VOTERS TO SPD

Hamburg DER SPIEGEL in German 12 May 86 pp 122-126

[Unattributed article: "Great Ammunition"; first paragraph is DER SPIEGEL introduction]

[Text] The CDU is losing its once most guaranteed potential among the voters: women.

In CDU party headquarters the New Man is circulating. Wulf Schoenbohm, head of the platform and planning department of Konrad Adenauer's party in Bonn, confesses: "I have become just as allergic to lord-of-the-castle behavior as I once was to exaggerated libber's rhetoric."

The sympathy for women that the CDU planners have demonstrated for almost 2 years to an astonished public has nothing to do with feelings but rather everything to do with calculation. The cliche that women present a guaranteed voter potential for the conservatives is no longer valid. Since 1972 the results of federal and local elections show that women, especially the younger ones, are fleeing the CDU.

The majority of the voters--in 1983, 53.8 percent were women--has for the first time become a decisive and, at the same time, incalculable quantity.

CDU election strategists recognize that as a "not altogether harmless trend" (Schoenbohm), which must be countered with women's party conventions, women's guidelines, and women ministers. It has even dawned on SPD managers--less deft--that this is where their opportunity may lie. It is not a higher insight but rather a deeper consideration of the true power relationships within the electorate which has made the managers of all parties rethink their views.

The history of womens' voting behavior since the Weimar Republic shows how dramatic the change is. In 1919 when German women were first permitted to exercise their right to vote, they certainly did not use that opportunity to thank those who had fought to make it possible for them to go to the polls: the Social Democrats. The SPD and Independent Social Democrats did not achieve the absolute majority in the National Assembly, possibly because the female voting majority devoted itself considerably more than the men to the conservative parties, especially to the Catholic center.

The Weimar model of female voter behavior remained a stable quantity in the FRG as well until the beginning of the seventies: Women vote less frequently than men (single exception: 1919) and favor conservative to rightist parties; the SPD comes off badly. This is shown consistently by the documents of the federal bureau of statistics and the statistical authorities of the states, which have regularly kept special statistics according to age and sex since 1953.

The Turning Point Came in 1972.

Joachim Hofmann-Goettig, election researcher and deputy leader of the Saarland delegation in Bonn, shows in a study appearing this week how quickly the CDU lost its apparently secure base (Footnote) (Joachim Hofmann-Goettig, "Emanzipation mit dem Stimmzettel. 70 Jahre Frauenwahlrecht in Deutschland" [Emancipation by the Ballot. 70 Years of Women's Suffrage in Germany], Verlag Neue Gesellschaft, Bonn, 1986, 143 pages).

The SPD Makes Up for Lost Time With the Women

(Vote distribution in Bundestag elections; vote per 100 voters) In 1969 a full 50 percent of voting women voted for the CDU--and only 40 percent of the men. By 1976, however, this magnificent "female margin" (Hofmann-Goettig) melted by 10 percent to 1.6 percentage points. Four years later the Union [CDU] was for the first time more beloved by men than by women: 44.2 percent to 43.8 percent.

The trend in the SPD was exactly the opposite: In 1969 it had a clear male margin among its voters--40.4 percent women against 45.6 percent men. In 1980 not only did more women (43.9 percent) than men (43.1 percent) vote for their comrades but, in comparison with the CDU/CSU, the Socialists were also somewhat more successful with the women.

Through renewed increases of the Union parties [CDU/CSU] in the Bundestag election of 1983, both parties now are about equal in female favor--with one difference: While the SPD makes points predominantly with young women, the Union finds its potential with women over 45 and especially with female voters over 60 years old.

The data on representative voting statistics, classified according to sex and age groups, are, in contrast to public opinion polls, indisputable. The effects are also indisputable. Women behave as follows:

-currently take part in elections in the same proportion as men,
-no longer unequivocally favor a single party,
-vote according to their interests, which are not identical to those of men.

The extreme social changes of recent decades are, although with delays and sharp regional differences between North and South, obvious in the behavior of female voters--more clearly than has previously been supposed.

The three big K's--Kinder, Kueche, Kirche [children, kitchen, church]--have lost their dominating influence. Higher education and training of women, greater participation in professional and leisure life, and the recognition that they are still the disadvantaged, leads women increasingly to make their check mark in favor of the party from which they expect the most likely representation of their interests. "Women," according to Hofmann-Goettig, "have the power to become the decisive factor with their ballots."

This has been clear to CDU election strategists since the Union "took a hard blow in the trunks" (CDU federal whip Peter Radunski) from women in 1980. Flabbergasted and disbelieving, the public experienced a breathtaking transposition maneuver of the CDU housewives electoral union: The women's party convention in Essen in 1985, the "basic principle of the CDU platform for a new partnership between man and woman," the sharp tone of the CDU women's organization, and, as the high point thus far, the appointment of Rita Suessmuth as woman's minister.

The new virtue was calculation. The chairman of the CDU women's organization Helga Wex stated in 1984 in a belligerent paper: "If the CDU loses the majority of women voters, it is no longer capable of governing."

Hans Joachim Veen, head of the Social Sciences Research Institute of the Konrad Adenauer Foundation, reacts more calmly. According to him, a voter contingent for the CDU is assured: The numerically increasing group of senior citizens, in which women constitute an especially strong majority. The CDU continues to correspond more to the value system of the elderly and to their needs for social security and law and order, Veen believes.

Social Democrat and scientist Hofmann-Goettig sees in the statistics an opportunity for the SPD, even sees "a historical restructuring" in favor of the Social Democrats. Not everyone has noticed that yet. In any case however, his analysis is "good ammunition" for the female politicians of the SPD, according to the acting chairman of the SPD parliamentary group Herta Daeubler-Gmelin. These numbers provide an excellent basis for the demand of the female Social Democrats for more power.

In 1987, if the SPD does not fare worse than in 1983, the SPD contingent will enter the 11th Bundestag with at least 15 more women (currently: 22 female members of parliament).

"If the women deliver," says the SPD woman, "the Party must not only commit itself to increasing the proportion of women, but also to initiating a change in election law favorable to women."

Will the women deliver? The entire issue is still open. Hofmann-Goettig notes with astonishment that surprisingly the Greens are not attracting women. The party, which offers its female activists an especially large field of activity, so far has fared worse with women voters in federal, state, and European elections than with men.

12666
CSO: 3620/695

LATEST DEVELOPMENTS IN WIDENING CP INTERNAL SPLIT

Majority Accused of Inactivity

Helsinki TIEDONANTAJA in Finnish 19 Jun 86 p 7

[Column by Erkki Susi: "Responsibility for SKP's Politics"]

[Text] The organizational-administrative activity of the Aalto Group, which is running the office of SKP [Finnish Communist Party], may give an impression of the over-all activity of the group. Last Friday, the 13th, there was a lot of activity: the majority of the members of SKP were dismissed from the Aalto-dominated organization. Party papers and journals, firms and real estate have been actively destroyed. The latest event was that the printing works Yhteisty [Cooperation] became privately owned.

But when we look more closely, we realize that the Aalto Group does hardly anything in the area of politics. It does not have an initiating role in international affairs, foreign politics or eastern trade, any more than in internal politics. What it does have, is some beautiful statements.

After having given up the basic principle, the group, which advertises its national Finnish nature, has proved itself inefficient in operating as a national force which could analyze the Finnish reality and operate accordingly.

Who has ever heard of the positive activity of the Aalto Group in peace movement, population movement, natural gas movement, other civil movements? Fortunately, there have been honest communists and people's democrats, which the Aalto Group considers its supporters.

The activity of the Aalto Group in the area of politics--and there has been that--has been directed mainly towards violating the main policy of SKP and its earlier collective decisions. A notorious indication of this was the behavior in the latest TUPO [Income Policy] talks, but there are other examples as well.

Seppo Kaariainen, Center Party secretary, called the Aalto Group an "auxiliary party" of SDP [Social Democratic party]. Unfortunately, it was a justified accusation. Operating as an "auxiliary party" is also apparent in the discussions on the major political issues and discussions on cooperation, in that the Aalto Group does not have any independent policy. It keeps on repeating the policies set by the leadership of SDP, and finds various strange reasons a la Kakela [sic] for its behavior.

And, traditionally, SKP has had a central role in this discussion and activity. SKP has been respected and feared as an independent force and as a cooperation partner demanding equality. Nobody respects or fears an "auxiliary party."

The Aalto Group does not know how to nor does it want to bear the responsibility for politics based on SKP's policy. The communists supporting SKP's policy and their leaders have to take full responsibility for it.

Mainly for that purpose, the central committee of SKP's organizations, dozens of its special committees and party-based district bodies have been established all over the country, and tiedonantaja [the informer] has been strengthened.

The strongest asset of the communists conforming to SKP's views is the active, creative, principled, flexible, independent and cooperative policy of SKP, based on the fundamental principles of SKP, able to cooperate and responsive to the interest of the workers.

There is no other comparable asset, not on the job, not when preparing for elections, or othewise.

We want to practice such politics, that its obvious. But do we know how? We have to know how, better than ever.

Minority Registers As Party

Helsinki HELSINGIN SANOMAT in Finnish 4 Jun 86 p 10

[Article: "Minority Party Registering for Elections"]

[Text] On Thursday, Democratic Alternative, the electoral party established in the spring by a minority of the communist party, submitted its application for entering the party registry to the Ministry of Justice. It is estimated at the Ministry that the registration may take a few days, or the maximum of a couple of weeks.

In order to be registered, the party has to submit to the Ministry of Justice a list of at least 5,000 supporters. Democratic Alternative submitted personal data of approximately 6,000 supporters. The party's Secretary General Seppo Timonen reported that the party had "a total of 27,500" names, collected from organizations and market place rallies, from among which about 6,000 were chosen "by rule of thumb" to be included in the registration application.

Being registered as a party facilitates the organization's operation in elections, and only a registered party is eligible for state subsidies based on the number of its representatives in the Parliament.

After the registration of Democratic Alternative, there will be 12 parties on the list of registered parties. The most recent party to be admitted was Finland's Pensioners' party. If a party does not win any representatives to the Parliament in two successive elections, it will be dismissed from the registry.

The Ministry of Justice has not yet decided what will happen to the Liberal Party in case it does not win any representatives in the next elections. In the last election LP did not win any seats of its own, but at that time it was a member organization of the Center Party.

The other communist organizations listed in the party registry are Finnish Communist Party, SKP, and its electoral organization Finnish People's Democratic League, SKDL. Democratic Alternative is a kind of "minority SKDL." The counterpart of SKP's organization in the minority is the central committee. That is not being registered now.

12956
CSO: 3617/134

OFFICIAL CRITICIZES DECISION TO STAY OUT OF COUNCIL OF EUROPE

Helsinki HELSINGIN SANOMAT in Finnish 10 Jul 86 p 6

[Article: "Seppo Pietinen on European Council: Staying Outside Perhaps Distorts Finland's Image"]

[Text] According to Seppo Pietinen, chief of the political section in the Foreiggn Ministry, Finland's decision to remain outside of the Council of Europe can distort Finland's image and give impetus to allegations of Finlandization. On the other hand, becoming a member would also presuppose a broad political consensus in Pietinen's opinion.

"We are not a member, but we have been invited to participate in all the work that takes places within the European Council. The content of cooperation has been satisfactory. At this time there are no plans to join," says Pietinen.

Except for Finland all the European countries outside of the socialist camp belong to the European Council. For example, neutral Switzerland joined it in 1963 already. Yugoslavia is also in the council as an observer. Frequently, amazement has been expressed in Europe at the fact that Finland has remained on the outside.

"Naturally, one could think that this perhaps gives an incorrect picture of us and our position in Europe and arouses allegations of Finlandization. Nevertheless, we have considered that there is no particular need to join," says Pietinen.

According to Pietinen, joining the European Council has not, however, been categorically excluded. It would presuppose a broad initiative from political quarters.

"Joining would mean increased cooperation on the part of parliament. Therefore, it would have to have broad parliamentary support. This has never been tested."

Council Would Present No Foreign Policy Burdens

In Finland joining the European Council has been traditionally opposed on the basis of foreign policy arguments. The European Council was created to unite and strengthen Europe under the conditions of the Cold War. According to Pietinen, the situation is, however, essentially different now.

"According to my understanding, the European Council no longer promotes such a Cold War image in which opposing views are emphasized. But since cooperation has been satisfactory even in this situation, we have no need to bring up the matter of membership.

"Indeed, the significance of the council in Europe has also declined proportionate to the increase of the significance of the European Community, some of the same countries belong to both organizations. As the European Community's integration increases the Council of Europe will, perhaps, no longer receive as much attention as before.

"On the other hand, the interest of countries not belonging to the European Community in the work of the European Council has remained the same if not increased," says Pietinen.

Club of Democratic Countries

The European Council, which was formed in 1949, has been called a club of countries respecting human rights, a kind of "European conscience".

Military questions were excluded from the work of the organization from the very beginning. Later on, actual political and economic questions have also been transferred to other organs, the European Community, among others, to which several important West European countries belong.

The council's most active areas have been those dealing with cultural, legal, and social questions. The council's positions on human rights have, perhaps, aroused the most attention.

The council's member countries have concluded approximately a hundred agreements in various areas and which the member countries take into account in their legislation. Finland has joined in the European cultural agreement, the agreement concerning the extradition of criminals, the agreement concerning patent applications, and the agreement concerning the protection of animals.

Recently, there has been a debate on the human rights agreement, which Finland has not joined since it would require membership in the council.

10576
CSO: 3617/144

POLITICAL FRANCE

DETAILS OF FRANCE, NEW ZEALAND GREENPEACE NEGOTIATIONS

Paris L'EXPRESS INTERNATIONALE in French 18 Jul 86 pp 15-17

[Article by Jacques Derogy and Jean-Marie Pontaut: "Shady Deal"]

[Text] A pat of antipodean butter has saved the skins of two DGSE agents. Chirac did a fine job of softening New Zealand's intransigence. Does that mean that the whole episode has been consigned to oblivion?

There are coconut trees there, and a lagoon where the natives fish for mother-or-pearl shell. Even so, Hao is nobody's idea of Club Mediterranean. The atoll is a military post, 900 kilometers west of Tahiti, that handles logistics for the nuclear test center on Muruoa. Eventually there will be 300 men stationed at a 3,600-meter landing strip there, with the capacity to accommodate American space ships in trouble.

Within the next few days, between 21 and 25 July, Maj Alain Mafart and Capt Dominique Prieur will leave their New Zealand prison cells to fly to Hao. Out there, in the heart of the Tuamotu archipelago, Maj Alain Mafart and Capt Dominique Prieur , alias the Turenges, DSGE agents masquerading as husband and wife, will languish for 3 years in silence and solitude.

Hao is the merest speck on the map of the Pacific. But it is unquestionably the last act in the "Greenpeace Affair" that cost an ecologist-photographer his life, a defense minister his job, and the top man in one of the intelligence services his career and, incidentally, brought down the Socialist government.

Less than 3 months after the release of the nine French nationals held hostage in Lebanon, Jacques Chirac chalked up yet another major diplomatic coup. Of course, the New Zealanders' stubbornness is not by any standard in the same league as Shiite terrorism. Even so, it was not what you might call a piece of cake, either. Matignon's strategy, which involved posting private emissaries and secret advisors off to help along negotiations at the summit level has paid off.

When, in the aftermath of 16 March, the new majority took over, the situation seemed to be deadlocked. The Tourenges were sentenced to 10 years in prison for involuntary homicide and destroying a ship.

New Zealand Prime Minister David Lange let it be known that the Turenges would have to serve at least half their sentence. His countrymen were solidly behind him. Negotiations opened by Roland Dumas. then minister for foreign relations, came to grief on the rocks and shoals of British sticklers for the rules in Aukland, and got nowhere.

That led France to stoop to a petty customs war over imports from New Zealand. Shipments of frozen lambs'brains were thawed for microscopic examination, and thereupon promptly declared unfit for human consumption. At the border, bales of compressed wool were undone, and instantly doubled in volume. Northern wool manufacturers, who were the major market for New Zealand wool, had to mobilize whole convoys of trucks to pick up the wool. Spiteful little rear-guard actions like that, though, could never make David Lange cry "uncle!"

French Threaten Veto

Butter is something else again. The French have the absolute upper hand there. Europe imports some 80,000 tons of New Zealand butter a year, and pays a stiff price for it: $2,000 a ton. That mounts up to an annual tab of about $160 million (1.1 billion francs). A princely gift indeed, when you remember that Europe dumps some of its enormous surplus (a million tons) in the USSR at $400 a ton. That exceptional favor was bestowed on Great Britain which, upon joining the Common Market, promptly found room there for all its little Commonwealth "cousins." As a result, Europe butters more than a third of its bread with New Zealand butter. And even the British, some say, would be quite content to let the tab run indefinitely and unrestricted. Provided, of course, that the French go first and denounce the treaty. There you see a prospect calculated to send shock-waves all the way to Wellington, leaving it with no alternative outlets for its farmers staring bankruptcy in the face.

The New Zealand contract, which may be renegotiated every 2 years, expires on 1 August. That crucial deadline would be Matignon's strategic lever. All it would take would be a veto from Paris, and Lange would again be facing the wrath of his farmers. As elections draw nearer. the French threat could well prove fatal to him among his farmer electorate, the essential trump card in New Zealand politics.

Behold a new player onstage, one destined for stardom. The new face is that of Ruud Lubbers, Christian Democrat prime minister of The Netherlands and, at the time, acting president of the European Community.

Early in May, Francois Mitterrand invited him aboard the Concorde to attend the industrial nations' summit meeting in Tokyo, along with Foreign Minister Jean-Bernard Raimond. President Mitterrand apparently convinced his guest of his determination to continue his butter wars to the bitter end. When Lange went to The Hague at the end of that same month, in the course of a European tour that studiously avoided Paris, Lubbers made it quite clear to him that the Twelve would not be averse to a French veto, hinting that it would be well for him to find some ground for an understanding.

The man who had always stalwartly refused to "sell out" [his term] his backers for a fat firkin of butter would change his mind. His political situation was precarious. With the general elections only a year away, he opted to get the Turenges sprung from prison rather than face a showdown with his farmers, who are the prime movers in the New Zealand economy. He is aware that his constituents, who are fanatically anti-French, would not take kindly to an about-face. He has time, though, to turn that around before the elections.

In other words, the hard part was over. Still ahead of him lay finding an honorable way out for everybody concerned. Lubbers, once again, suggests a third-party settlement of the dispute. The name of former Canadian Prime Minister Pierre Elliot Trudeau, whose country is both French-speaking and a member of the Commonwealth, was bruited about for a time. Chirac's nominee was Javier Perez de Cuellar, who is a personal friend of his. The moral stature of the Secretary General of the United Nations is beyond question. The New Zealanders went along.

For Perez de Cuellar, this was a major issue. As successor to Kurt Waldheim, whom he replaced in 1982, he chalked up defeat after defeat in 4 years. On the Faulklands, he failed to prevent a war. In Namibia, in Afghanistan, on Cyprus, his intervention was to no avail. The Franco-New Zealand dustup, albeit less bloody, was his chance to demonstrate, at long last, his skill as a diplomat, only 6 months before his mandate would expire.

The negotiating team began falling into place. At the Matignon: cabinet director Maurice Ulrich, and chef de cabinet Michel Roussin who was right-hand man to Alexandre de Marenches at Sdece. De marenches was, incidentally, the man who on 21 June brought home from Damascus and debriefed the two hostages freed from Lebanon: ANTENNE 2 reporters Philippe Rochot and Georges Hansen. At the Quai d'Orsay, Jean-Bernard Raymond is in direct contact with Perez de Cuellar. Cabinet director Eric Demarest and his deputy, David Levitte, handle liaison. Meanwhile, up in Geneva, Gilbert Guillaume, who has been in the trenches since September 1985, and Chris Beeby, Wellington's deputy foreign affairs secretary, keep the direct lines of communication busy. The Elysee, through Jean-Louis Bianco, is kept abreast of the developing situation.

The French have pulled out all the stops in their efforts to soothe the New Zealanders, recalling all that the two countries have weathered together. Nothing is overlooked—the battle of the Dardanelles, the march across Tuscany afoot, and the taxis they shared on the way to Tobruk...

After each team had provided a memorandum summing up its position (the New Zealanders, as the "injured party" submitting theirs first, in strict adherence to duelling etiquet), the two sides on 19 June consented publicly, for the first time to abide by Perez de Cuellar's decision, whatever it might be.

Three of the four points at issue were quickly settled. An official letter of apology? France agreed. Chirac would rectify Fabius' missteps in the name of government continuity, not without a visible degree of satisfaction. Financial indemnification? The New Zealanders demanded $9 million. The French countered with an offer of $4 million. Perez held out for $7 million (50 million francs). The trade war? What trade war? France would not oppose granting European visas to New Zealand butter shipments.

That left the Turenge business. David Lange said he had no objections to their leaving New Zealand territory, but balked, on principle, at simply releasing them. What do do now? Turn them over, perhaps, to the French authorities for confinement in some remote, secure place, isolated, and under constant surveillance? A military post would do. France provided Perez de Cuellar with a list of isolated and distant posts. The mediator won Wellington's consent to the atoll of Hao. "Broadway, it's not," David Lange told reporters. "There are no tourists, no bars, no restaurants. Mururoa is not all that far away. Three years will be ample time for them to contemplate the effects of radioactive fallout."

Alain Mafart and Dominique Prieur will be officially assigned to a 3-year tour of duty at the base on that tiny island. They will have no contact with the outside world, except for their immediate families. They will be watched constantly. They are not to make any statements to the press, nor may they allow themselves to be photographed.

Satisfaction Right and Left

Shortly before 0800 hours on 7 July, Jacques Chirac got the news: the deal was on. In the car taking Francois Mitterrand to the airport to catch his plane for Moscow, Chirac gave him the news. On his return to Matignon, he called a press conference, to which he also invited Dominique Prieur's husband, informing him of his wife's new duty post: Hao atoll.

In New Zealand, at the same time, David Lange had his hands full coping with reporters. They were tough. "A sordid deal!" said the **NEW ZEALAND HERALD**, drawing a somewhat tenuous parallel with the execution of the two young Australians hanged in Malaysia for possession of k80 grams of heroin. An opinion poll revealed that 63 percent of New Zealanders polled disapproved of the way the whole business had been handled, and the same number believed that Lange had gone back on his word.

Alain Mafart heard news of the deal over the radio in his cell. The chief jailer at the prison is going to miss him. Mafart had the best voice in the prison choir. Besides, he was learning Maori.

In France, hearty congratulations were exchanged all around on the happy outcome of the affair: Chirac, of course, and obviously Mitterrand, and Giscard d'Estaing, Rocard, Fabius, Hernu...

Is the case officially closed, then? Transporting the Turenges to an obscure French-owned atoll called Hoa, though, is certainly not likely to shed much light on the mystery surrounding that act of sabotage in Aukland...

Setting them free could lift the self-imposed vow of silence taken by the only people who know who gave them their orders to sink the Rainbow Warrior.

6182

CSO: 3519/2200

LABOR PARTY PAPER: GOVERNMENT SETS CLEAR ECONOMIC STRATEGY

Oslo ARBEIDERBLADET in Norwegian 3 Jul 86 p 4

[Editorial: "The Government's Strategy"]

[Text] At her press conference yesterday, Prime Minister Gro Harlem Brundtland stated forcibly that the government takes its responsibility seriously and it is prepared to make the necessary decisions to straighten out the country's economy and arrange for new growth later.

The point of departure for the government's work is the programs and promises with which the Labor Party went into the 1985 election. The possibilities, however, are limited by changed conditions. In the first place, the Labor Party does not have a majority in the Storting and cannot succeed with political measures which are not supported by at least one of the nonsocialist parties. In the second place, almost an entire year of the Storting period passed before the Willoch government surrendered to the country's economic problems and turned over government power to the Labor Party. In the third place, economic conditions today are very different than they were before the election last fall. This is again blamed on the sharp decline in oil prices, but it is also the result of the policies of the Willoch government, including stimulating a speculative economy and an irresponsible credit policy, with uncontrolled growth of private consumption as the result. Last year, for example, private consumption grew three times as much as the Willoch government itself had predicted.

The government has established a clear strategy for setting the Norwegian economy on the right track again. One of the assumptions is that a new tax system will be formed which, besides justly distributing the burdens, will also ensure better utilization of the country's total resources. At the same time the government will invest in education, research and development in Norwegian business, matters which the previous government neglected. The result is that Norway is now largely dependent on oil income.

The growth for which the government wants to lay the foundation will be used for high priority items for the common welfare, primarily in health care and the care of children and the elderly. The prime minister emphasized that necessary cutbacks would not hit the economies of the counties and municipalities.

Even though the cutbacks which have just been made must be lived with, it is clear that the package of cutbacks of 3.5 billion is the largest measure of its kind ever undertaken by any Norwegian Government. That shows that the government has both courage and skill. The possibilities of carrying out such a policy depend on--besides getting sufficient support in the Storting--acceptance by the people and the fair distribution of the burdens. For comparison, the Directorate of Taxes says that about 50 billion kroner per year are withheld from taxes in the Norwegian economy. That is not fair distribution. That example shows how necessary it is to have a new and fair tax system. It is a main goal of the government, and the prime minister hopes to have the help of the middle parties in reaching it. It should not be difficult. The obstacles are not great if they are willing to carry out their own policies.

We believe that the strategy presented by the prime minister is what is necessary to ensure new growth and develop welfare and security in Norwegian society. Therefore this government is the one the country needs.

9287
CSO: 3639/139

PSD SAID TO FEAR EARLY ELECTIONS

Lisbon EXPRESSO in Portuguese 5 Jul 86 p 2

[Excerpt] The possibility of early elections looms at present as a particular threat to the PSD and the government, although it is especially feared by the PRD and the CDS (the parties in the greatest danger of losing votes). In fact, while Cavaco Silva is now at the peak of his popularity, none of the polls predict an absolute parliamentary majority for the Social Democrats, even if they were to form a subsequent coalition with the CDS. And if such a coalition were arranged prior to the election (which seems to be categorically opposed to Cavaco Silva's desire), there would still be no certain guarantee that an absolute majority could be achieved. This is true above all because since Constancio won leadership of the PS, the polls point to a clear increase in votes for that party.

Now Cavaco Silva would be placed in a rather delicate position if, after persuading the country of the need for new early legislative elections and with a substantial increase in his electoral "score" (and, seemingly, he is in a position to win a broad new sector of the electorate over to the CDS), he were to fail to change the parliamentary picture. In such a case, it would be very unlikely that the president of the republic would ask him to form a government again, since he would certainly prefer to try an experiment led by the PS. Particularly since the PRD as a whole will be more inclined to work with the socialists than with the Social Democrats (even bearing in mind the personal and political sympathy Gen Ramalho Eanes feels for the prime minister).

It is of interest to Cavaco Silva, therefore, to prolong his stay in government (the experts say that the favorable economic situation will last at least another year), and to work to close the gap between the democratic renewal faction and the socialists (in which connection a good understanding with Herminio and Eanes will be very useful to him).

The vote of confidence served his purpose basically by frightening those who fear early elections most, so that they can be expected to have a better understanding of the future legislative undertakings of the government, in particular the next state budget.

5157
CSO:3542/125

PS LEADER GAINS IN POPULARITY; GOVERNMENT TACTIC APPROVED

Lisbon EXPRESSO in Portuguese 12 Jul 86 pp 1, 24

[Text] Vitor Constancio was the only political leader to show an increase in popularity in the course of last June, according to yet another poll by the EXPRESSO-Euroexpansao Popularity Panel. Thus the new socialist leader, who received his endorsement precisely at the PS congress held during the last days of June, came rather close to the scores of the president of the PSD and Prime Minister Cavaco Silva. The successor to Mario Soares as secretary general of the PS even exceeded the popularity level of the current president of the republic.

Generally speaking, the political agitation last month, which was marked by the rejection of the labor package in the Assembly of the Republic, the vote of confidence and the socialist congress, weakened the public image of all of the other party leaders, as well as the various sovereign bodies.

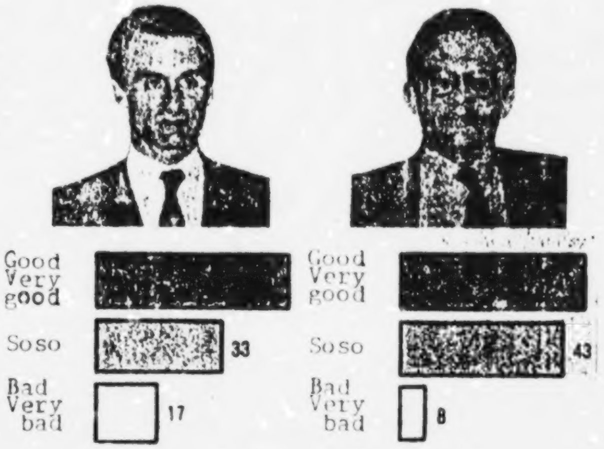
On the other hand, this new poll by the panel confirmed the June results as to the voting intentions of Portuguese citizens if the legislative elections were held now. The PSD again came close to winning an absolute majority, with more than 40 percent of the votes, and the PS, coming close to 30 percent, was confirmed as the sole alternative for winning power. All of the parties showed substantial voting losses.

This bipolarizing scenario makes the dispute between the highest leaders of the PSD and the PS for first place on the popularity chart, in which they are doing almost equally well, more interesting.

The prime minister, who ranks first, lost 11 points in positive assessments by members of the panel, while continuing to win greater support from the CDS voters than the PSD voters. The PS electorate continues to give Cavaco Silva more positive than negative votes, which is no longer the case for those who voted for the PRD on 6 October. The prime minister's main strong point continues to be the large number of panel members who regard his actions as not only good, but very good--no less than 15 percent.

Vitor Constancio, who has made regular progress since May, now stands only 1 point away from Cavaco Silva, but his position is less solid. Only 5 percent of the positive votes for him fell in the "very good" category, apart from the fact that almost a third of those polled have still formed no opinion about him. In other words, while Cavaco Silva has a solid vote of 48.2 percent (without excluding the members of the panel who gave no response), Constancio still remains at 33 percent. The PS leader, as was the case with the PSD leader, did not win the highest popularity level among his party's voters, but among the voters for the APU.

This situation reveals that Cavaco Silva on the right side of the political spectrum and Constancio on the left are those best situated to consolidate the bipolar development of the Portuguese electorate.

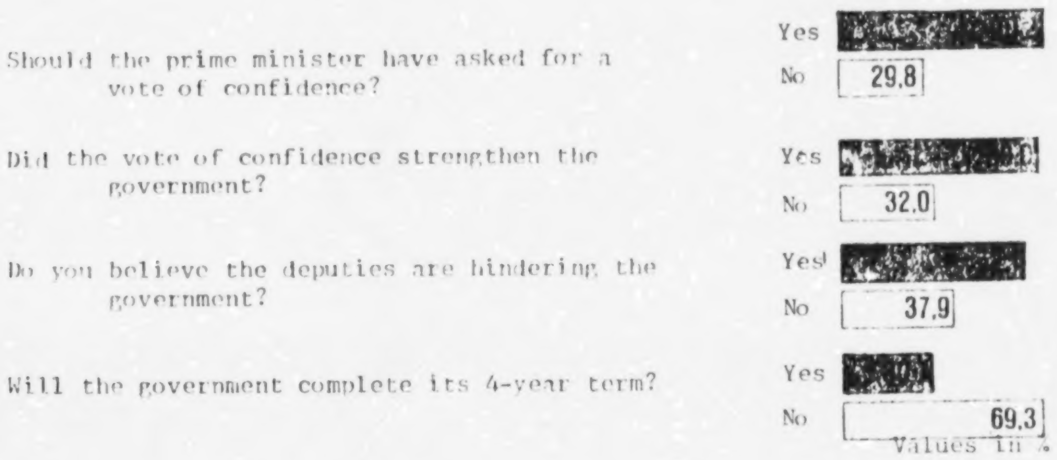


More than two thirds of the Portuguese citizens think that the prime minister did well to call for a vote of confidence, and that winning it increased the government's strength, this same EXPRESSO-Euroexpansao Panel poll indicated.

This undertaking by the executive branch won the approval of 70.2 percent of the members of the panel questioned, and the voters of all political groups except the APU favored it, in the majority. The percentage of those questioned who felt that the government emerged strengthened was slightly lower--68 percent. Once again, however, only the communist voters expressed the opposite opinion, saying, in the majority, that the government emerged from the parliamentary debate weakened.

The number of those who seemed to agree with the belief of the executive branch that the deputies are hindering the government in its work remained above 60 percent. This time, however, the PRD voters joined the APU voters in expressing the view, in the majority, that the Assembly has not been a hindrance. It should be noted, however, that there may be a certain subjectivity with regard to this question, since it is possible that some of those questioned answered in the affirmative, but for reasons other than those mentioned by the government--those who believe that the deputies have obstructed the implementation of its projects by the executive branch, "but that it is good that they did so."

Finally, the majority of the panel members do not believe that the government will last until 1989, that is to say that it will fully complete its term. Only 30 percent of those questioned are optimistic about this. Among those who believe that the government will fall earlier and those who did not give any answer to this question, the majority gave 1987 as the year in which Cavaco Silva's government would end. Very few (5 percent) still believe that it will last until 1988, while a large proportion (43 percent) do not even believe it will survive 1986. In other words, taking the general electorate into account, one out of four believes that Cavaco Silva will fall--or will resign--before this year ends.



5157
CSO:3542/125

NATIONAL ASSEMBLY PRESENTS RESERVATIONS ON INTERNAL SECURITY BILL

Lisbon EXPRESSO in Portuguese 12 Jul 86 p 4

[Text] The Assembly of the Republic will have to work to gain acceptance of the draft internal security law submitted by the government, since the Parliamentary Commission on Constitutional Affairs, Rights, Freedoms and Guarantees has issued an opinion in which it sets forth unanimous reservations about the constitutionality of some of the norms set forth in that legislative document.

Telephone taps, interception of correspondence, citizens' squadrons, special vigilance measures and others by the police comprise the varied range of principles which the parties condemned at the meeting Thursday at which the opinion was issued. The text says, for example, that the "classification of police measures" as set forth in the government's draft law "does not resolve the problem." On the other hand, the detention of citizens for identification was deemed a "risky" proposal, to the extent that "the failure to establish a minimum time requirement for identification may involve a serious risk that detention will be prolonged beyond the maximum term for which the constitution of the republic provides."

As to the authority which the draft law confers upon the minister of internal administration "to authorize control of communications," the parliamentary commission raised certain basic problems. The opinion said that an effort is thus being made to entrust to the government "functions related to criminal procedure, thus placing the principle of independence of the courts in crisis." It said further that "the constitutional norm according to which criminal investigation falls under the jurisdiction of a judge" is thus violated.

The parties also described as "excessive" the government proposal to define the "general and special duties in collaborating on internal security matters, making those who fail to perform a special duty liable to charges of serious violation of discipline, independent of possible criminal responsibility."

With regard to the civil status of the PSP, the commission expressed the view that there should be "careful attention to the jurisprudence in the matter, in accordance with the doctrine set forth in connection with the ILO case, with limiting the rights of Public Security Police agents being considered to be a problem within the scope of Portuguese domestic legislation."

The opinion was approved at the end of the afternoon day before yesterday, after the government had asked for a meeting with the deputies serving on the commission.

5157
CSO:3542/125

POLITICAL PERSONALITIES', INSTITUTIONS' POPULARITY COMPARED

Lisbon EXPRESSO in Portuguese 12 Jul 86 p 3

[Text] Bipolar Development Confirmed

The PSD has once more proven the outstanding winner in hypothetical legislative elections, again winning an absolute majority. In comparison to this past June, when the preceding poll was taken by the EXPRESSO-Euroexpansao Panel, the party headed by Cavaco Silva even showed a slight advance, from 41.4 to 42.3 percent.

The closest competitor, the Socialist Party, stayed in second place, but showed a slight decline. It now is the choice of 30.8 percent of the voters, as compared to 33 percent in June.

* Voting Intentions July 1986 ** Legislative Votes October 1985	*	**	Transfer of Legislative Votes 1985				
			PSD	PS	PRD	APU	CDS
PSD	42,3	28,9	89,7	12,6	21,6	12,1	56,0
PS	30,8	21,0	4,0	79,5	37,0	12,4	8,4
PRD	10,9	18,3	3,2	3,5	26,8	10,2	6,0
APU	10,2	16.0	0,0	1,7	4,8	83,4	3.9
CDS	4,5	9,9	3,1	2,1	3,3	0,0	24,8
Other-Null-Void	1,8	5,9	0,0	0,6	4,5	1,9	2.8
Abstentions	22,1	26,3	14,3	15,6	20,3	10,5	3,2

(The columns showing the transfers of votes reveal how the electorate of each party was distributed in this poll. Vertical percentages are involved.)

This new poll taken by the panel confirmed the trend toward bipolarization of the party picture, with the focus on the PS and the PSD. In fact, the other three parties would win only about 10 percent of the votes (in the case of the PRD and the APU), or even only 4.5 percent (for the CDS). Relative to last

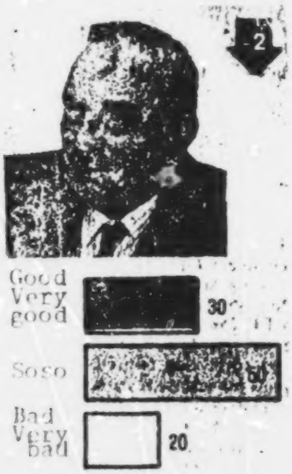
June, the APU showed a slight gain (it then had 8.5 percent), and centrists continued to lose ground (5.3 percent at the earlier date).

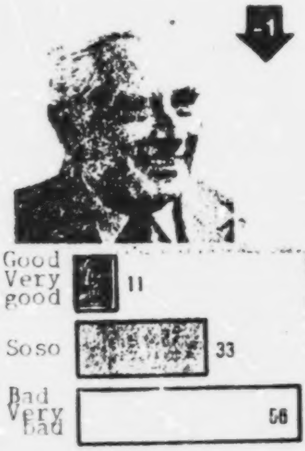
Analyzing the transfers of votes as compared to the last elections, it can be seen in particular that the PSD controls more of the votes of centrist electors than the party of Adriano Moreira at present (56 percent, as compared to only 24.8 percent), and that the same is the case for the PS compared to the PRD (37 percent of the renewal voters would vote socialist, as compared to 28.8 percent who would reserve their electoral option).

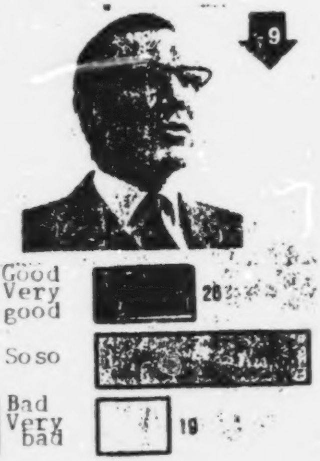
Adriano Moreira Surpasses Eanes

Ramalho Eanes was the opposition party leader who showed the greatest decline in popularity this past June, having even been surpassed by Adriano Moreira, president of the CDS.

Moreover, the popularity of the opposition party leaders, with the exception of the PS, dropped again after having already declined during the month of May. Adriano Moreira lost 2 points in positive assessments and had an increase in the number of panel members regarding his actions negatively from 17 to 10 percent. Alvaro Cunhal experienced another decline, of only 1 point in this case, in positive opinions, but an additional 6 percent of those interviewed regarded his actions as "bad" or "very bad." It was Ramalho Eanes who suffered the most, with a drop from 35 to 26 percent in positive assessments. However, the negative level remained stable at 19 percent.







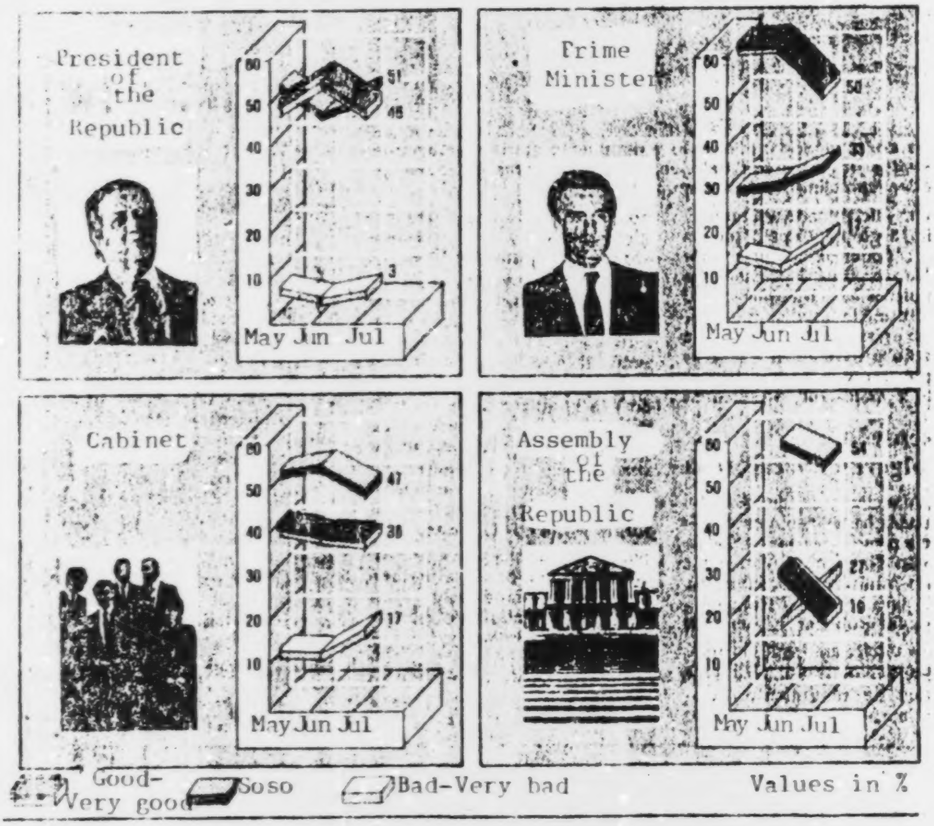
Negative Views of Assembly

All of the sovereign bodies suffered a definite decline in the course of the last month. The Assembly of the Republic suffered the most of any of the institutions, receiving a larger number of negative assessments than positive, for the first time. The prime minister also saw his popularity level drop. While it is true that he continues to head the list, and is the only one to have a majority of positive responses, the truth is that he was down no fewer than 11 points.

Curiously, it is the cabinet which has maintained a practically stable level. It had 37 percent positive assessments in June, with 36 percent now. Thus the gap between the opinions of this team and the assessments of Cavaco Silva has narrowed.

President of the Republic Mario Soares did not escape the general decline either. Only 46 percent of those questioned expressed a positive view of his actions, as compared to 50 percent in June. The number of those criticizing his actions also increased, from 1 to 3 percent, such that the results for Soares in July were exactly the same as those reported last May.

But as we have already said, it was the Assembly which scored the worst in the political tests last month. Almost a quarter of those who regarded its actions as "good" or "very good" in June--24 percent at that time--have now changed their view, since only 19 percent continue to have a positive opinion of the deputies' actions.



On the other hand, the number of those who deemed their actions "bad" or "very bad" increased from 17 to 27 percent.

Curiously, it was those who voted for one of the opposition parties, the CDS, in October, who were most critical of the Assembly, while it was the APU voters who expressed a more positive view of the actions of the parliamentarians. The parliament enjoys a worse image in Oporto than in Lisbon, in the North than in the South, and in the interior than on the coast.

5157
CSO:3542/125

GOVERNMENT REPORT PREDICTS CONTINUED DECLINE IN BIRTH RATE

Munich SUEDDEUTSCHE ZEITUNG in German 10-11 May 86

[Unattributed article: "A Nation of Old People in the Future; Interior Minister Zimmermann: FRG Birthrate Lowest in the World"]

[Text] Bonn (DEUTSCHE PRESSE-AGENTUR)--According to statements from Interior Minister Friedrich Zimmermann, the FRG birthrate has been the lowest in the world for almost 16 years. With the submission of a report on population development in Bonn, Zimmermann said that, should this trend continue, according to the most recent calculations the number of FRG citizens will decline from the current 56.6 million to 54.9 million in the year 2000 and to 42.6 million in the year 2030. As a result of the shift in age structure, serious consequences must be anticipated for virtually all areas of government and society.

However, according to Zimmermann's report, over the long term only a limited increase in the birthrate can be achieved through high financial outlays alone because the decline in births is not based merely on an economic disadvantage to families, but also on the attitude toward marriage and the family, consumption and leisure time as well as on other basic conditions such as housing, standard of living, and female employment. In addition to financial assistance for families renewed value must be placed on the status of parenthood. The decision to have children must not mean harsh material decline for parents in comparison to childless couples. Politicians are advised to eliminate the barriers standing in the way of fulfilling the desire to have children.

Even women with children must be enabled to "realize life plans comparable to those of men." Support for families will need to be reinforced and living conditions favorable to families will need to be created. Opportunities for enhanced compatibility of family and profession for women and men would also be included.

According to Zimmermann's report, the highest FRG birthrate was achieved in 1964 with more than a million. So far the lowest rate was recorded in 1978 with 576,000. Last year it was only slightly higher with 584,000. In order to maintain the size of the population over the long term, some 850,000 children would have to be born annually. Thus, there is a current annual deficit of approximately 265,000 births. Even the approximately 4.4 million foreigners living in the FRG will only slightly alter the decline.

With the continuation of the present trend, the proportion of those under 20 years of age in the total population will sink from 24 to 20 percent by the year 2000. On the other hand, the proportion of those over 60 years of age will climb from 20 to 24 percent by then, and all the way to 38 percent by the year 2030. Great financing problems for old age insurance are foreseen as the most significant consequences of this trend.

12666
CSO: 3620/695

IMMIGRANTS IN SOUTH CONTRAST WITH DEVELOPMENT IN NORTH

Paris LE FIGARO ECONOMIE in French 30 Jun 86 p 77

[Article by Carlo Maurizi: "Is European Italy Shrinking?"]

[Text] In a successful Italian television series several months ago, an actor was playing an Arab, whose mannerisms and accent he mimicked. After a few days, he began to receive complaints from the Arab community of Rome, along with several threatening telephone calls. He continued to play the role, but the calls grew more frequent and more menacing. At that point he declared that he found it absurd to risk his life for such a futile purpose and the character was dropped. The Arab lobby in Italy had won its second battle.

The first was won several months earlier when the mayor of Rome had "enhanced by his presence" a ceremony in honor of the construction of a grand mosque in the capital. This followed a long debate in which an improbable alliance between ecologists and the Holy See had unsuccessfully attempted to stop the project. In planning the mosque, Islam was establishing itself in Christianity's sacred city. [And] in forcing the RAI to modify its programs, Rome's Arab lobby was letting the Italian public know that it would staunchly defend the reputation of its fellow Arabs in the Italian media.

These two anecdotes are just the visible part of a social iceberg. Over the last 15 years, Italy has ceased to be a country of emigration and has become a country of immigration. Paradoxically, it was Sicily that kicked off the trend by employing Tunisians in the fishing boats of Mazzaro del Vallo and in the island's orange groves. Immediately afterwards came Arab and African domestics for the families of the bourgeoisie, Moroccan peddlers, Eritrean maids, Saudi bankers and shipowners, Libyan exiles and the agents that Qadhdhafi sent to trail them, representatives of the various Palestinian organizations, African workers for the small firms of the black market, Lebanese refugees, and Third World students.

According to Raffaele Costa, state secretary in the Ministry of the Interior and author of a bill to address the problem, there are a million illegal aliens in Italy today living on the margins of society alongside 3 million "white" unemployed. There are naturally no statistics on the origins of these immigrants, but it is reasonable to believe that they are nearly exclusively of

African and Asian origin, and strongly Muslim. Like France, Italy could have a serious identity problem by the end of the century. The considerations to which Fernand Braudel returned repeatedly toward the end of his life with regard to France and Europe point in this direction.

One might object that the problem of Italian identity is a nonproblem. More than any other European country, Italy is a mosaic of languages, ethnicities, and traditions that are both mutually tolerated and mutually ignored. Twenty years ago, the Milanese dined at 7:30 pm while Neapolitans dined between 10:00 and 11:00 pm Turin broke off work at noon for a quick lunch, while Rome slept between 3:00 and 5:00 pm. Although the homogeneity of the country has increased more in the past few years than it did in the first hundred years after unification, this is due chiefly to national highways, television, and air transport, and not, as in other countries of Europe or North America, to the hegemony of one region or ethnic group over the others.

In the end, Italy will absorb the Arabs just as other immigrations have been absorbed in the course of the country's history: through patience, philosophy, and skepticism, and by allowing the Arabs margins of identity and cultural autonomy that elsehwere, for example in France, might seem incompatible with the unity of the state or the self-concept of the nation.

Nevertheless, there are times when circumstances do not allow a nation to solve its problems through patience and the philosophy of history. If the real problem of Italy, and of every other industrialized country, is to prepare its society and economy for the demands of a technological revolution requiring rapid adaptations to a highly competitive international environment, Italy is the most vulnerable country in the West since, from the cultural point of view, it lies at the midpoint between North and South.

The Arab and African immigration threatens to accentuate the southern and mediterranean facet of Italy's culture and, at the same time, to aggravate the frustrations of unemployed native Italians. I will not offer a list of possible scenarios, but will restrict myself to the observation that the North-South frontier may move north along the peninsula and reduce European Italy to a few leopard spots located in the most dynamic areas of the Po Valley. The combined effect of three factors--technological revolution, youth unemployment, and illegal immigration--could reopen the fracture between Italy and Mediterranean Italy, a gap that the country tried with some success to bridge during the happiest years of its development after the war.

13221/8918
CSO: 3519/206

GOVERNMENT, MUSLIMS AGREE ON CITIZENSHIP PROCEDURE

Madrid YA in Spanish 27 Jun 86 p 10

[Text] Madrid--Yesterday, the representatives of the administration and of the Muslims of Melilla and Ceuta signed a joint declaration and expressed optimism regarding the coexistence of the groups residing in Melilla. Noteworthy among the decisions made was the one whereby, within a period of 12 to 18 months, the processing of the requests for the granting of nationality should be completed, based on the timetable proposed by the Ministry of Justice and accepted by the commission members.

The declaration, on which there was complete agreement, according to its signers, cites "the observation that the process of integrating the different ethnic and cultural communities coexisting in the Spanish towns of Ceuta and Melilla must inevitably entail the solution to the problems of alienation presented by the population groups of Islamic origin and culture."

The text makes an appeal to all residents of both towns "to work jointly, in the context of a coexistence stipulated by the laws, in the pursuit of a future of civic peace and economic prosperity that will improve the situation of all the residents of Ceuta and Melilla."

The declaration also refers to the creation of a permanent secretariat within the commission, with representatives of the administration and the Muslim groups, to resolve and deal with "all the problems and needs of a technical nature that may be generated by these talks."

Monthly Distribution of Procedures

Insofar as the granting of nationality is concerned, the document announces a monthly distribution of procedures "proportionate to the number of requests submitted." The declaration also discloses that "there will be arbitration of the methods called for in the legal regulations" which may resolve other matters relating to the control of the different situations involving legalization of the populations of the two Muslim communities of Ceuta and Melilla.

The undersecretary of interior, Rafael Vera, who chaired the meeting, reiterated to reporters the government's backing of the government delegates in both towns, describing their administration as "good."

He announced that the General Reserve company sent to Melilla recently would remain there "so long as the delegate deems it fitting." With regard to the causes of the incidents, Vera remarked: "It seems to us that the policy of previous governments was not correct," stressing that the only possible method for solution is the policy of integration adopted by the present government; and he disclosed that, "although perhaps we have arrived too late," they would continue with the same perspective.

As for the future, Vera expressed confidence that the current "differences" between groups in Melilla would last "a short time" and would have "little intensity."

The government delegate, Andres Moreno, specified that, in the latest incidents, there had been six persons arrested, who were immediately turned over to the courts' disposal, emphasizing that the town "has become pacified during the past 72 hours."

According to Aomar M. Duddu, head of the Muslim group, with the declaration signed yesterday, "hope is reborn," and he explained that he would like "all of us to be called Melillans," proposing, for his part, "a clean slate based on justice and freedom."

The meeting was attended by the undersecretary of interior, the general director of interior policy, the government's delegate in Melilla, and the Muslim leaders, Duddu, Subaire, and Ali.

During the meeting, Abselan Hamedi Hamed sent a document in which he challenged the representative status of Subaire, accusing him of acting as a "viceroy." Subaire described this document as pamphleteering.

The other Ceuta representative, Mohamed Ali, said, "it would appear that Subaire is no longer representing" part of the Muslim community, and admitted that "he has problems."

The head of AP [Popular Alliance], Manuel Fraga, met yesterday afternoon in Madrid with the three members of parliament from that coalition in Melilla elected on 22 June, a deputy and two senators. At that meeting, they analyzed the incidents which have occurred in that town recently.

2909
CSO: 3548/68

EMPLOYMENT STRUCTURE OF POPULATION ANALYZED

Barcelona LA VANGUARDIA in Spanish 28 Jun 86 p 41

[Article by Julio Alcaide Inchausti: "The Spanish Population Tree"]

[Text] To graphically depict the structure of a country's population as that of a tree on which the trunk is equivalent to the total population, and each of the branches represents the different segments comprising its population, is unquestionably a good method for enabling the reader to readily retain what figures can hardly convey.

In No 26 of "Documents on Spanish Economy," published by the Fies Foundation, we have printed the graphic depiction of the Spanish population tree relating to the second quarter of 1985. Understandably, the information prepared is based essentially on the 1981 census data and the active population survey of the second quarter of 1985, taken by the National Institute of Statistics, plus supplementary reports from the National Institute of Employment.

The first fact that stands out is the different size of the two large branches extending from the trunk. Of the 38.6 million comprising the Spanish population, 25.3 million, equivalent to 65.4 percent, consist of an inactive population, compared with only 13.3 million persons, or 34.6 percent, who are considered active. But of this 13.3 million active persons, only 10.4 million, accounting for 27 percent of the total population, are considered employed, while 2.9 million active persons are going about seeking employment, because they are jobless: a human group equivalent to 7.6 percent of the total population, and 21.9 percent of the active population.

Differences With the OECD

A glance at the Spanish tree shows that its structure is quite different from that of the group of European countries in OECD [Organization for Economic Cooperation and Development]. In Europe, the large branches of active and inactive population are not so unequal as in Spain. There, the inactive population represents only 57 percent of the total population, while the active population amounts to 43 percent (8 percentage points higher than in Spain).

The reason explaining why the large Spanish inactive branch is close to two thirds of the total population appears obvious, when we rise to another section.

In 1985, the aged over 70 years old and the children under 16 years old in Spain amounted to nearly 13 million, equivalent to a third of the Spanish population.; a percentage higher than the European average, although with an obvious tendency toward retrogression because of the decline in the birth rate during recent years. In 1981, the number of children and aged amounted to 14.2 million, equivalent to 37.5 percent of the total population. The number of aged persons increased, but the number of children dropped considerably.

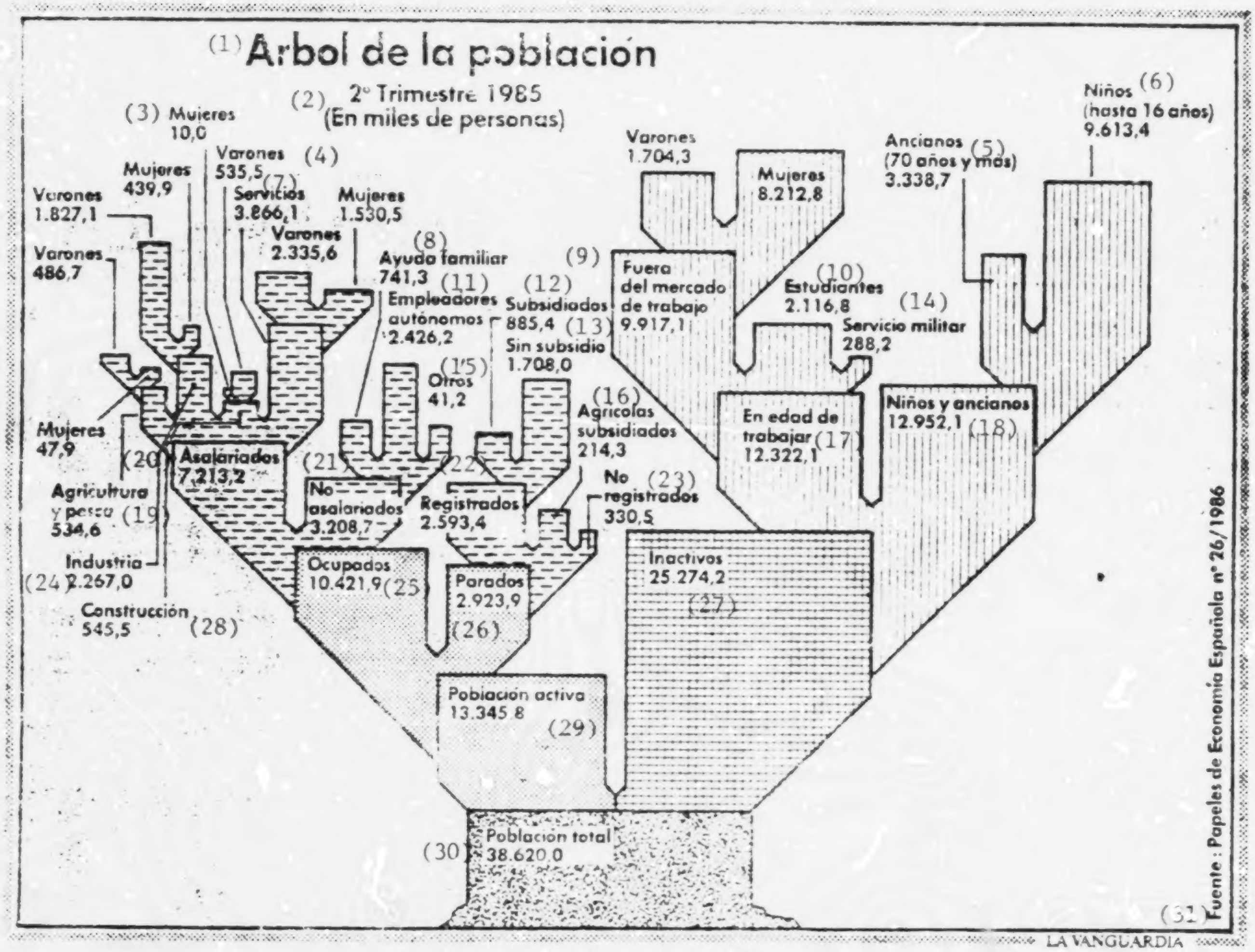
Many Inactive Persons

The second and more explicit cause of the slight activity of the Spanish population lies in the considerable number of persons of working age considered to be inactive: 12.3 million, equivalent to no less than 48 percent of the population between ages 16 and 70, appear out of the job market. A sizable group is made up of students and males in military service; but, ultimately, there are 9.9 million inactive persons left, including 8.2 million women, many of whom would not mind joining the active population if they were offered an opportunity to work in keeping with their calling and personal training. It is the big group of discouraged persons in which must be included some of the 1.7 million males out of the job market, a group which will grow smaller as the employment opportunities increase.

Clear Reflection

In the employed population branch, it is interesting to note the large group of unsalaried population, amounting to 3.2 million persons, over 30 percent of the total employed population. This is due in part to the addition of independent farmers and family aid (1.3 million persons); a figure which, despite its progressive, continued decline, still definitely exceeds the European average. The Spanish salaried population totaled only 7.2 million persons, or 27 percent of the Spanish population of working age.

The Spanish population tree is a clear reflection of the relatively low level of Spanish income in comparison with the developed Common Market countries. If the Spanish employed population were to reach 35 percent of its total population, and the GDP per employed persons remained constant, Spanish income would increase 30 percent; which would rank it above the average Italian income. The low level of employment among the Spanish population is clearly the fundamental cause of our economic backwardness. Explaining it on the basis of our low productivity is a matter not confirmed by the data; although it cannot be precluded that the real level of employment in Spain may exceed what the statistics claim.



(1) **Arbol de la población**

(2) 2º Trimestre 1985
(En miles de personas)

(3) Mujeres 10,0
Varones 535,5 (4)
Mujeres 439,9
Varones 1.827,1
(7) Servicios 3.866,1
Mujeres 1.530,5
Varones 2.335,6
Varones 486,7
(8) Ayuda familiar 741,3
(11) Empleadores autónomos 2.426,2
(9)
(12) Subsidiados 885,4 (13)
Sin subsidio 1.708,0
(15) Otros 41,2
Mujeres 47,9
(20) Asalariados 7.213,2
(21) No asalariados 3.208,7
(22) Registrados 2.593,4
(16) Agrícolas subsidiados 214,3
No (23) registrados 330,5
Agricultura y pesca (19) 534,6
Industria (24) 2.267,0
Construcción 545,5
(28)
Ocupados 10.421,9 (25)
Parados 2.923,9 (26)
Población activa 13.345,8 (29)
(30) Población total 38.620,0
Inactivos 25.274,2 (27)
Varones 1.704,3
Mujeres 8.212,8
Fuera del mercado de trabajo 9.917,1
(10) Estudiantes 2.116,8
(14) Servicio militar 288,2
En edad de trabajar (17) 12.322,1
Ancianos (5) (70 años y más) 3.338,7
Niños (6) (hasta 16 años) 9.613,4
Niños y ancianos 12.952,1 (18)
(31)

Fuente: Papeles de Economía Española nº 26/1986

LA VANGUARDIA

Key to Chart:

1. Population Tree
2. Second quarter of 1985 (in thousands of persons)
3. Women
4. Men
5. Aged (70 years and over)
6. Children (up to age 16)
7. Services
8. Family aid
9. Out of the job market
10. Students
11. Independent employers
12. Subsidized
13. Without subsidy
14. Military service
15. Others
16. Subsidized farmers
17. Of working age
18. Children and aged
19. Agriculture and fishing
20. Salaried
21. Unsalaried
22. Registered
23. Not registered
24. Industry
25. Employed
26. Jobless
27. Inactive
28. Construction
29. Active population
30. Total population
31. Source: "Documents on Spanish Economy," No 26/1986

2909
CSO: 3548/68

DE BENEDETTI'S STRATEGY FOR EXPANSION INTO FRANCE

Paris LE FIGARO ECONOMIE in French 9 Jun 86 p 3

[Article by Elisabeth Chavelet: "Carlo De Benedetti: Hunting for Billions"]

[Text] Carlo De Benedetti is preparing to shake up the French industrial landscape. The Italian capitalist and manager, who has already chosen his strongmen and his financial allies, intends to raise a bundle on the financial market. His goal? To build a large, multifaceted European manufacturing group centered in France.

For a week now the advance players on Mr De Benedetti's French team have been moving into place. The team's trainer is Alain Minc. This 37-year old financial officer has been around. In the course of his 7 years in the management of Saint-Gobain, particularly during Saint-Gobain's brief 1980 marriage with Olivetti, he cemented a solid friendship with the Italian industrialist. Now it's goodbye to Saint-Gobain. Since 1 June, Alain Minc has been Carlo's right arm for expansion in France. The strongman is Claude-Pierre Brossolette, managing partner of the Worms group.

Six Months, Maximum

While looking for offices to house his team, Minc is camping in an office of the Worms group where activity is already intense. Although he doesn't say so, people are guessing that Minc has given himself 6 months to complete the first phase of the De Benedetti plan, i.e., to amass enough financial muscle, enough ready capital, to manage the two recent acquisitions (Davigel and Valeo) and prepare for more.

For these takeovers, the bulldozer from Turin has already equipped himself with two tools.

The first is Buitoni, S.A., a subsidiary of the Italian food products group bought by De Benedetti's CIR holding company in February 1985. Buitoni has been listed on the Paris Bourse's second market since 5 May. At 510 francs a share last Friday, the market value of the French Buitoni is 722 million francs, of which Credit Agricole has acquired 10 percent and the state 12 percent. Buitoni has just spent 330 million francs to acquire 70 percent of Davigel, the French leader in frozen fish for the restaurant trade. New money is needed for further growth. It is rumored that Minc is projecting a capital increase of nearly 500 million francs, and possibly a convertible bond issue, in the coming months. He would thereby be assembling at Buitoni a kitty of close to a billion francs.

The other promising tool is the Cerus (formerly Airflam) holding company. The new shares will be quoted on cash terms beginning 1 July, but the initial capital, amounting to 1.3 billion francs, has already been spoken for. The state will hold 15 percent. Through CIR, Carlo De Benedetti will hold 40 percent. (In concrete terms, this will involve the 19 percent share acquired in Valeo.) As for the rest, friends and financial allies will participate to the extent of 10 percent for the Suez company, 10 percent for UAP, 5 percent for Banexi, 5 percent for the Worms group, a share for two Anglo-Saxon merchant banks, and a surprise joker who is a major French figure on the international banking scene.

Let's make a quick calculation. With the Valeo holding accounting for about 540 million francs, there remain 800 million francs for use in takeovers.

In reality the war chest will be even greater. There is talk of raising approximately 2 billion francs in additional capital between now and the end of the autumn. Financier Alain Minc has been entrusted to push all the right buttons in the financial market: bond issues that can be converted into shares, capital increases, and investment certificates. In the short term, this represents a piggybank of 3.5 billion francs available to Cerus. Combined with Buitoni, this makes a total of 4.5 billion francs. Few French groups can claim such liquid reserves.

To what uses will all this money be put? On this point, Minc is quite clear: "Cerus was not designed to take part in denationalizations." What, then, will be the targets of our bird of prey?

Consider the Cerus holding company. It will grow "on the model of the Italian CIR," according to Alain Minc. In other words, it will acquire shares in diversified sectors, sometimes "for the purpose of exerting management control" and sometimes "a minority interest for purposes of strategic investment."

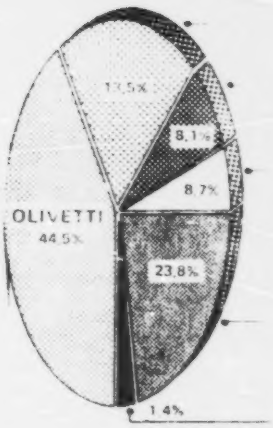
How should we decode this message? One thing is certain. In acquiring Valeo (the matter has now been settled thanks to the support of Suez and CGIP), Carlo De Benedetti, who, Minc reminds us, "knows the auto parts industry inside out, having devoted two-thirds of his professional life to it." [Sic: incomplete sentence.] The Italian industrialist therefore has very precise intentions. Just as he made Olivetti into a European center of the microcomputer industry, he may turn Valeo into a European auto parts center through acquisitions and worldwide agreements.

Continuing to decode Alain Minc, Cerus' other target may lie in the service sector. Here, too, attention should be paid to what Mr Benedetti has done in Italy. Using his Sabaudia holding company, he acquired strategic minority interests in insurance and merchant banking (Euromobiliare). It seems clear that if small French groups call upon De Benedetti to rescue them with infusions of funds, he will gladly involve himself in financial services or the French insurance sector, which is a veritable pump of financing from savings.

What will he cook up after the Davigel acquisition? It is not difficult to surmise that in coming months we will see a good deal of reorganization, although with a lag of some months behind our foreign neighbors. It is already rumored that the semipublic Compagnie de Navigation, which is said to be in need of cash to participate in denationalizations, might someday part ways with Saupiquet. It also seems clear that if they are to grow in the very competitive markets for frozen foods, ice cream, prepared dinners and canned goods, companies such as Ortiz-Miko, Tesseire, Lesieur and others may one day be tempted by De Benedetti's siren song.

But first the French market must respond to his calls for funds. In this regard, Alain Minc is confident. "The market remains good and De Benedetti is an attractive name," he says, recalling that when Buitoni entered the Bourse offers were received for a total of "7.5 billion" shares. A banker points out that between 1978 and 1986, the man from Turin (who has just moved CIR's head offices to Milan) succeeded in raising for his own use 15 billion francs on the Italian market. This is equivalent to an entire year's issues of stocks and bonds for French industry as a whole. He adds, however, that "it is not certain that Mr De Benedetti will be able to keep up this pace in the new stock market climates in Milan and Paris." Chi vivera vedra.

As of March 31, 1986



SASIB
(holdings in railway signaling systems, automobile filters, the tobacco manufacturing industry, and equipment for the food industry)

BUITONI
(food products industry)

CIR INTERNATIONAL*
(international holding company)

SABAUDIA
(holding company with minority shares, including:
--Pirelli, 7.3%
--L'Expresso, 13.8%
--Credito Komognolo, 1.93%
--Euromobiliare, 20.66%)

EUROMOBILIARE
(Merchant bank)

100% = 1500 billion lira.

13221/8918
CSO: 3519/206

PAPER VIEWS SOCIALIST PEOPLE'S PARTY ECONOMIC PLATFORM

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 86 p 10

[Editorial: "SF's New Course"]

[Text] There has been doubt--and for good reason--whether SF [Socialist People's Party] had any kind of an economic program whatsoever. The party has rarely expressed itself on economic matters in a consistent manner. When it has done so, it has been in the form of a wish list which showed that the party viewed money as a free commodity of the same type as the wind and the weather. The party has considered subjects such as the balance of payments and government finances as inconsequential bookkeeping problems.

Thus free and uncommitted, SF has attracted so many Gallup Poll mandates recently that the sweet itching for ministerial posts has begun to become apparent. As a support party for Anker Jorgensen, or maybe completely on its own. Therefore, the party has hinted that the summer should be used to put together an economic program. Practice sessions are under way with Volume I on the national economy and the rest of the world awaits anxiously to see whether there is a recognition in such a short time of the difference between a debit and a credit.

The first results from the study group have caused surprise--SF is about to take the lead not only on the Social Democrats but the government itself on the inside lane. The increase in private consumption must be cut back to one-sixth of the current rate. All the golden promises of shorter workhours, longer vacations and doubled wage increases have ended in a clean 0-solution. Not even public employees can expect five little ore more in salary since public expenditures must be held where they are. Gone are the many promises to the pensioners, the unemployed, students, widows, environmental activists, underdeveloped countries, Nicaragua and many, many more. Denmark not only will remain in the Common Market, but also in EMS cooperation, and SF will get rid of the balance of payments deficit.

SF's farewell to dreamland should be welcomed if the whole thing did not have such a summer playhouse tinge. It simply does not fit. Such a sense of reality cannot be held by a party which was born as, and always has been, a protest party. It would be synonymous with a deliverance of the whole group along with everything which it has said both within the Parliament and on the plaza outside. A disclaimer of SF's history. The recommendation for blasting the tax compromise into pieces, and concerning what should be nationalized in the case of a chamber of horrors, suggest that it is more likely confusion which has grabbed ahold of the popular socialists. In Georg Poulsen's words: SF has it best in a warm hammock with a red apple and a study group notebook, removed from political responsibility.

The party's summer studies of the national economy are hardly wasted, however, and the reading of Volume II may lead to new surprising admissions. But SF's current "yes" to a barebones income policy is a type of advance signal for the collective bargaining sessions. The recommendation concerning the budget law also cannot pose problems. The tight money policy receives full support and there now is support from all parties in Parliament for the policy of a steady valuation of the krone. Let us hope that the summer continues to last.

12578
CSO: 3613/170

POLISH AMBASSADOR COMMENTS ON TRADE GOALS

Helsinki KANSAN UUTISET in Finnish 27 Jun 86 p 5

[Article by Marjatta Nenonen: "Ambassador Burczyk. PZPR's Congress Important to Entire Polish Society"]

[Text] "In Poland, the congress of the nation's most important party, Polish United Workers Party [PZPR] has a slightly different significance and impact on society from the delegates' meetings in your country," said Poland's Ambassador to Helsinki, Henryk Burczyk, while explaining the issues to be discussed in PZPR's congress beginning next Sunday.

"In your country, it is mainly the party members who are interested in party conventions, but PZPR's congress directs the development of the entire nation for a long time in the future. Therefore, the event is significant to the entire society, and not only to party members," he commented.

The 5-day congress will address the draft for the economic-political program, reaching until the year 2000 which has been discussed rather widely prior to the meeting. Also other people, besides the 2 million members of PZPR, took a stand on the extensive program document. Also people who were not members of the party expressed their opinions and made propositions.

In addition to the about 1,600 official delegates, some 200 foreign visitors from the communist, socialist and social-democratic parties will participate in the meeting, which will be held in Warsaw's Palace of Science and Culture. From Finland Erkki Kauppila, editor-in-chief of KANSAN UUTISET, will go to Warsaw as representative of the Finnish Communist Party.

While discussing the problems related to foreign trade and repaying Poland's foreign depts, Ambassador Burczyk admitted that the nuclear powerplant accident in Chernobyl certainly did not help in this regard. Based on what he said, it can be concluded that the economic losses to Poland, mainly in foreign exports, caused by the accident are in the category of 50-80 billion dollars [sic].

"Even if the sum does not seem large, it can be felt in Poland's balance of trade," said the ambassador.

When discussing the relations between Poland and Finlad, he emphasized that there are no political disagreements between our countries. Also in the area of trade, the relations have developed well. In the past two years, the volume of trade between the countries has increased by 20 percent.

"The last word in our trade relations has by no means been pronounced yet," stated Ambasador Burczyk. There is positive development in sight and discussions on the increase of trade are going on.

Poles would like to import more machinery and equipment from Finland. They would also like to increase the volume of their exports here. In Finland people frequently complain that the trade is unbalanced, in favor of Poland. The ambassador assured that Poles aim at having a trade balance which would be less negative to Finland. It is true that Poles export more to Finland than they buy from us.

There are lively discussions going on concerning the issue and means are being sought to correct the situation in order to satisfy both parties.

In culture and science, however, there is a balance, the relations being stable and lively.

Also in foreign politics there are similar trends in the two countries. The ambassador mentioned specifically the disarmament proposals and the efforts to create nuclear free zones in Europe.

[Picture] Henryk Burczyk, Polish People's Republic's Ambassador to Helsinki, is satisfied with the development of trade between our countries.

12956
CSO: 3617/134

SOVIET DEPUTY MINISTER MANZHULO ON TRADE OUTLOOK

Helsinki KANSAN UUTISET in Finnish 8 Jul 86 pp 8-9

[Interview with Soviet Deputy Foreign Trade Minister A. N. Manzhulo by Heikki Korhonen; date and place not given]

[Text] Moscow--What Comes After the Party Congress?

The Soviet Union is experiencing an energetic period of development after the 27th CPSU Congress.

A delegation of journalists from the SKP [Finnish Communist Party] familiarized itself with the execution of the decisions of the congress in June and July for a full week and a half as guests of PRAVDA in Moscow and in the Tajik SSR.

During the visit Chief Editor Heikki Korhonen and photographer Pekka Pajuvirta of KANSAN UUTISET, Editor Risto Hirvonen of KANSAN SANA as well as Editor Jaakko Korpinen of KANSAN AANI met with officials of Soviet ministries and institutions.

Today we are publishing the delegation's first report of their trip. After this, there will be additional articles concerning the reform of Soviet industry, food production, the development of services, and disarmament.

The freezing of more than a hundred construction projects in the Soviet Union may reflect positively on the opportunities of Finnish firms.

This was confirmed by Soviet Deputy Foreign Trade Minister A. N. Manzhulo at a meeting in Moscow with the SKP's delegation of journalists.

According to Manzhulo, Finnish firms "will have the best possible chances" in the renovation of production plants already in operation.

Attempts are now being made to "supplement" exports as well as imports in Soviet foreign trade according to Manzhulo.

"The objective is to diversify exports so that they will not be predominantly comprised of fuels and raw materials.

"They have held a 80-90 percent share in our exports depending on the country. The goal now is to increase exports of machinery and equipment. Or we will increase the exports of processed products."

"Imports of Grains Will Be Halted"

According to Manzhulo, the Soviet Union will cease purchasing grain and ferrous metallurgical products completely by the year 2000.

"The production of these products will be increased so that we will be able to meet all domestic needs."

According to Manzhulo, "the dramatic events that occurred at the beginning of the year only emphasized the correctness of this policy".

According to him, a significant change will occur in fuel imports. "The proportion of fuels in trade with the Federal Republic of Germany is 75-80 percent. But the share of gas in this amount has already risen to 44 percent.

"We are striving to reduce experts of fuel oil and petroleum products and increase exports of gas."

According to Manzhulo, this development will also be reflected in trade conducted with Finland, indeed, not as rapidly as with West Germany.

"So far only Helsinki has made a decision to purchase gas and Uusikaupunki has also been involved in such plans. Kemira has researched the possibility of producing fertilizers from our natural gas."

According to Manzhulo, energetic work is being accomplished in the Soviet Union so that the consequences of the drop in oil prices can be reduced as much as possible.

"Above all, we are attempting to increase exports of machinery and equipment. This work is being done with respect to Finnish trade also."

"Finnish Trade Has Grown"

Manzhulo admits that the balancing of Finnish and Soviet trade is "indeed, a knotty problem".

"We have labored over this problem with our Finnish colleagues since the beginning of the year.

"The government has granted us additional goods for delivery to Finland with a value of approximately 200 million rubles. Of this amount 60 million is in machinery and equipment, primarily aircraft.

"Negotiations have been conducted with Finnish firms on moving up deliveries from next year to this year. There were also discussions about new products for the years 1987-90.

"The Soviet Government has granted additional products with a value of 1 billion rubles for the years 1987-90."

According to Manzhulo, the primary goal of all this extensive work is to prevent a reduction of the large quantity achieved in the exchange of commodities.

"If we think of an exchange of purely material values, and not the question of price, the quantity of trade has increased continuously.

"A partial reason is, of course, the fact that the price question has not been advantageous to the Soviet Union. But the exchange of commodities itself has increased."

"Machinery and Marine Equipment"

According to Manzhulo, the Soviet Union wants to offer Finland "a very broad selection of machinery and equipment". Included are marine equipment, which is delivered to Finland for ships being built for the Soviet Union, machine tools, airplanes, and helicopters.

"It is pleasing to note that Finnair has for the first time begun serious negotiations with us on the purchasing of aircraft."

According to Manzhulo, this may be of exceptionally great importance from the point of view of relations between our countries purely outside of the material aspect, in tourism, for example. "It could affect the travel of Finnish tourists to the USSR as well as the entry of tourists from other countries through Finland.

"Machinery and equipment will make up the primary direction in the development of trade relations. So far, we have imported more machinery than we have exported."

"Significantly Ahead of Others"

According to Manzhulo, Finland "comes out even now as the Soviet Union's most dynamic trading partner".

"For example, we are significantly ahead of other countries in industrial cooperation.

"Quotas concerning industrial cooperation were agreed upon for the first time in the 5-year trade agreement for the years 1986-90. And it is not a question of tens or hundreds of million but billions of rubles."

Manzhulo cites the production of specialized railroad cars by Rautaruukki in Otamaki and the manufacture of automated telephone exchanges as examples of industrial cooperation.

In railroad car production the Soviet share is 40 percent, and 10 percent with respect to telephone exchanges.

"The manufacture of telephone exchanges is an especially important achievement since it represents direct cooperation between industrial engineers."

According to Manzhulo, exports of machinery and equipment from the Soviet Union to Finland will increase 20 percent in 5 years as the result of industrial cooperation. Measured in money it will mean an increase in imports of Soviet machinery from 100 million to more than 250 million annually.

"Third Countries Increasingly Possible"

According to Manzhulo, the Soviet Union is aiming at increasing the sales of individual products as well as expanding industrial cooperation.

"The majority of products created as the result of industrial cooperation is now sent to the Soviet Union. Over the long term we are planning their sale to third-party countries also.

"Then the effectiveness of cooperation will increase perceptibly since long-term series will become a possibility and production will grow.

"Our cooperation with third-party countries was developing quite positively before the drop in oil prices. Now this activity has subsided, but we hope it will develop in the future."

"Renewing and Building"

[Question] According to General Secretary Mikhail Gorbachev, approximately a hundred construction projects have been frozen since there is a desire to concentrate on the renovation of production plants already in operation. Will this be reflected in Finnish construction projects?

[Answer] Indeed, it could be reflected, but positively.

The modernization and renovation of existing plants is now timely. What is most important is that these types of investments produce the quickest yields.

In this respect, Finnish firms have the widest possible opportunities.

We are presently also conducting negotiations on the construction of new chemical and metal plants in the Soviet Union. The Finns are participating in the bidding competition together with, let us say, the West Germans now.

"We Are Not Accusing Finnish Firms"

[Question] The Soviet Union has declared many times that prices of Finnish firms are too high. Has this had an effect?

[Answer] I would not say that Finnish firms overprice their products. We are not accusing Finnish companies of anything. They handle matters exceptionally well.

For various reasons, the prices of Finnish firms, particularly shipbuilding firsm, are higher than those of your competitors.

We generally observe world market prices in trade and this is an especially difficult problem in the shipbuilding industry.

We have received plenty of information from Finnish firms about how the governments of other Western countries provide subsidies to the shipbuilding industry. But your government has carried out a different policy so far.

However, a way out has always been found in cooperation.

Now your shipbuilding industry has ready orders for a 5-year period, a value worth 2.5 billion rubles.

"Project of The Century"

According to Manzhulo, the exploitation of the natural resources of the Kola Peninsula, which has been of considerable interest to the Finns, is presently under study.

A joint committee of central administrative agencies, which includes Doctor Yuri Piskulov, chief of the Western Trade Administration in the Foreign Trade Ministry, as a member has been formed for this purpose.

This committee has studied possibilities over the past year and has sought cooperative partners.

"First of all, we have attempted to clarify for ourselves the nature and prospects of this project. It does, indeed, appear to be vast. Research is presently being conducted on how it can best be accomplished."

According to Manzhulo, "the Kola Peninsula project can someday turn out to be the project of the century".

"Several meetings have already been held with Finnish, Norwegian, and Swedish companies, and this could, indeed, become an extensive international project. Its accomplishment will result in the fact that all the parties concerned will receive products ranging all the way to special cement. Also for export to third-party countries.

"Now we are studying how effective production can be. After that, the participants will be chosen."

"We Are Not Playing Tactical Games"

A study is being conducted in the Soviet Union on what possibilities exist for establishing joint companies with Western firms to operate in the Soviet Union according to Manzhulo.

"We have already made decisions to establish such companies with socialist countries. They will primarily produce machine tools and industrial robots.

"The establishment of such companies will require changes in Soviet legislation so that laws would guarantee the interests of both parties.

"We are presently in the research phase. A decision on the establishment of several such joint companies could come in the very near future.

"Indeed, the prospect of such a future is entirely possible, and it is not a question of the distant future."

Among the socialist countries, joint companies have been formed with China, Hungary, Poland, and Romania, among others.

"In the Western press there has appeared information about the great difficulties that have been experienced in China, among other places. Thousands of companies funded by Western countries were set up there rather quickly.

"Now the criticism is that the Chinese are not allowing the companies to operate freely. In spite of this, all the companies say that they do not want to leave the country.

"This is probably understood as a kind of tactical means to squeeze more benefits out of the Chinese.

"We do not want to play such tactical games. As long as we intend to enter into a real cooperation with Western partners, this cooperation must be based on real equality and justice."

Manzulo considers the industrial cooperation accomplished with the Finns as a direct path toward mixed joint companies.

"We are also studying corporate opportunities with the Finns," confirms Manzhulo.

10576
CSO: 3617/144

NEEDS, RULES FOR PORTUGAL/LUSOPHONE AFRICA COOPERATION SUGGESTED

Lisbon SEMANARIO in Portuguese 12 Jul 86 p 20

[Article by Rui Teixeira Santos]

[Text] This month is vital to cooperation with the African countries, in terms of the timing on which Cavaco Silva's executive branch has decided. Not that any international gathering has indicated any political initiative in this sector, which Lisbon persists in avoiding. But this month, the government has come forward with a substantial cooperation package designed to redefine strategies and organization.

On the one hand, the Council of Ministers has finally decided to support some projects in Mozambique, integrating the back interest in the debt to be consolidated (about $130 million in 1985). In the majority of cases, Portugal says that it will not go ahead with new projects. Angola, in turn, which is continuing to pay its debts (about 17 million cantos to Portugal) slowly, has frozen all new projects in view of the drop in oil (Angola invoices about $1 billion in oil annually).

Cavaco Silva went further and redefined the framework for the granting of guaranteed credit and support for direct Portuguese investments in Africa, in a document scheduled to be made public soon. Finally, with the approval of the new regulatory structure for the ICEP and the appointment of Faria de Oliveira as president, as we reported last week, Cavaco Silva is developing the tool needed for a new marketing policy for Portuguese exports.

Statistical Series and Cooperation

What is at issue, when it comes to the cooperation policy, is once again the basic question which has been discussed during the present government. The statistical series and the macroeconomic models about which Miguel Cadilhe talks have nothing to do with the specific reality in the cooperation sector. In this area, timid steps will not make it possible to outline any policy for the sector, but will only make it clear whether the financing resources are greater for the moment or if we must "tighten our belts" here.

In political terms, our actions in Africa are regulated, on the one hand, by the multilateral relations within the framework of the Lome Agreement signed by the EEC with the Third World countries (1984), and on the other, on the bilateral level, where our cultural links with the former colonies dictate that we will be constantly asked to serve as the international "lobby" for these countries. This is the case with the Nkomati Agreement between South Africa and Mozambique, to which we contributed nothing but wherein our presence, at the invitation of Mozambique, was considerable.

The lack of clear support for the MPLA, the civil war and the existence of a politicized bourgeoisie which dominates the middle levels of the state apparatus, which are strongly anti-Portuguese, have made our relations with Angola more difficult than in the case of Cape Verde (which, as a debtor, pays promptly) or Guinea (we have consolidated $24 million, but it still owes us almost $35 million), in which countries cooperation has been exemplary.

No Financial Resources

Cooperation requires coverage of what the African nations do not have and an amount which will permit the development of the European countries (mutually advantageous relations). The African countries lack financial resources, and the deterioration of the terms of trade and the drought in the past decade have wrecked their fragile economies. The international monetary system is unfavorable to them, and they lack the minimal technology for establishing infrastructures and even identifying their needs.

What is our situation?

a. Portugal does not have the financial resources to cover the minimal needs of the African countries. However, its contribution to cooperation must represent 1.5 percent of the gross domestic product at a minimum, since the privileged relations with Africa constitute an important political trump card.

b. We have an intermediate level of technology adequate for the needs of the African countries, which they could easily master without great vocational training requirements.

c. The Portuguese market is very small, and is not capable of meeting the demands of a major project.

The Portuguese Strategy

Given these factors, what strategy should be pursued?

1. Politically, clear support of the local governments, without ideological complexes.

2. Economically, Portugal does not have the capacity to finance everything, or to undertake all the projects alone. It must then identify the main infrastructure projects in the African countries and serve as the organizer of trilateral cooperation plans. To do so, Portugal must guarantee a part of the financing and must meet its responsibilities, to the extent of the responsibility assumed for each project, until the work is completed.

As our market lacks the capacity to meet all of the needs of a great project, it would be necessary, for the construction of a dam, for example, for foreign businesses and suppliers, which might come in with financing, to participate.

Six Basic Rules for Cooperation

Our strategy then should involve:

2.1. Identification of the countries' needs. 2.2. Portuguese leadership in project viability studies. 2.3. Portuguese leadership in the organization of contracting consortiums. 2.4. A Portuguese contribution to financing and supply (in this connection, it is necessary to eliminate the bureaucracy in the Bank of Portugal and the export plan, to develop regular lines for our merchant marine LIS-LDA-MAP, which are currently lacking, and to put an end to the taxing of profits made by Portuguese businesses abroad. 2.5. Definition of a percentage of the gross domestic product to be allocated for support of the African countries and projects. 2.6. Guaranteed fulfillment of commitments.

Development Agency Needed

In this way, Portugal could become a service platform for the African countries, by organizing international trusts and projects on the one hand, and by providing technical aid (appointing technical advisors and supervisors) to the African governments.

Finally, from the institutional point of view, this aggressive business approach on the part of our country (economic diplomacy) should have an institutional framework in Portugal. The Economic Cooperation Institute has only been called upon to manage "white elephants" and disputes arising in Africa in which we are involved, with the identification of opportunities for cooperation being left to the enterprises. This should be a national project, because it is the image of the country which is at stake in each project or supply effort. The ICE, then, is obviously inadequate. A Portuguese agency for international development should be established to manage the MNE budget funds for cooperation, to serve as a financing institution and simultaneously to direct Portuguese trade strategy in Africa. This institution would further have sole charge of relations with multirational and regional bodies in Africa (the SADEL, OAU, ADB, etc.).

Role of the ICEP

And here one might also examine the actions of the Portuguese Foreign Trade Institute (ICEP) to some extent. It should be the channel for the penetration of our products and projects abroad, not as a mere sales agent, but as a marketing strategist, redefining what goods we might sell abroad in terms of quality, packaging and other characteristics.

Just as in the medieval view it was necessary to organize production through the guilds, in the 1930s Dr Oliveira Salazar had in the to organize specialized institutes for the domestic market. Councils and institutes were established, pursuing a line which the Third Republic was to continue with the

EPAC, IAPO, etc. These are all bodies concerned with the importing of products, just as the Foreign Investment Institute is a body organized to support foreign ventures in Portugal.

We are, moreover, a country with an open economy, and not exclusively in the sense that we are an importer country (and anyone can import--organizations are not necessary). We are an open economy also in the sense that our exports dictate industrial production and domestic services. To a frightening extent the country has ignored this, when what was needed was to develop specialized bodies for the foreign markets or our export products. Even the National Wine Council is oriented toward the domestic market, when it should be a tool for selling on foreign markets.

Export Policy Needed

It is here that our economic diplomacy should become active. To this end it is necessary to create a link with the domestic economy, as the Japanese have done. And here we see another weakness. Since there is only a macroeconomic policy and not a real economic policy oriented toward the sectors and the enterprises and the economic agents (that lack of economic coordination to which we referred last week), even if such a tool were established or developed, its actions would be limited until such time as we have a Ministry of Economy which can ensure the orderly implementation of the directives and controls suggested by those studying foreign market prospects.

African Military School

Finally, in military terms, there is an urgent need to establish a training school for the officers of the armies of the Portuguese-speaking countries. This is a way of placing the army in the service of cooperation and guaranteeing the continuity of our military technology, which has been highly esteemed in Angola, Mozambique and Guinea. One possibility might be the use of the Lamego military instillations (Commando School), which are currently underutilized.

Moreover, this professional training aspect should be encouraged in all technical sectors, since although the Portuguese-speaking countries in Africa currently have credit lines available for professional training from other countries and international bodies, they are not being utilized due to the lack of organizational capacity on the part of the African countries. Portugal could propose undertakings in this sector which would be welcomed in Africa, and the financial resources for covering the operational costs could readily be found abroad.

5157
CSO:3542/129

ECONOMIC SWEDEN

INDUSTRY REDUCING INVESTMENT DESPITE INCREASED PROFITS

Stockholm DAGENS NYHETER in Swedish 30 Jun 86 p 8

[Article by Dan Magnerot; first two paragraphs are DAGENS NYHETER introduction]

[Text] Sweden's big firms have changed perceptibly over the past 10 years. Their share of industrial turnover is rising sharply, and they are concentrating more and more on financial investments and less and less on industrial investments. At the same time, profits by the large firms are up.

This is revealed in a recent report by the National Industrial Board (SIND), which surveyed activity in Sweden by the 22 largest groups of companies. The conclusion is that the firms have money to spare, but that it is more profitable to invest in money than in production.

The 22 largest groups of companies account for an ever-increasing share of Swedish industrial turnover. In 1977, their share was 26 percent. By 1983 it was up to 35 percent--a 35-percent increase during the period in question.

During the same period, the five largest industrial groups--Volvo, Electrolux, ASEA [Swedish General Electric Corporation], Ericsson, and Saab--more than doubled their investments in real capital (plant, equipment, new firms, and so on).

Investing Less

The remaining 17 (Aga, Alfa Laval, Astra, Atlas Copco, Bofors, KemaNobel, Boliden, Incentive, Esselte, Modo, Pharmacia, Sandvik, the SCA [Swedish Cellulose Company], the SKF [Swedish Ball Bearing Company], Stora, Billerud, and Match) increased their investments by 17 percent.

But those percentages represent hard cash and current prices, meaning that inflation has not been taken into account. If we allow for inflation, the picture is quite different.

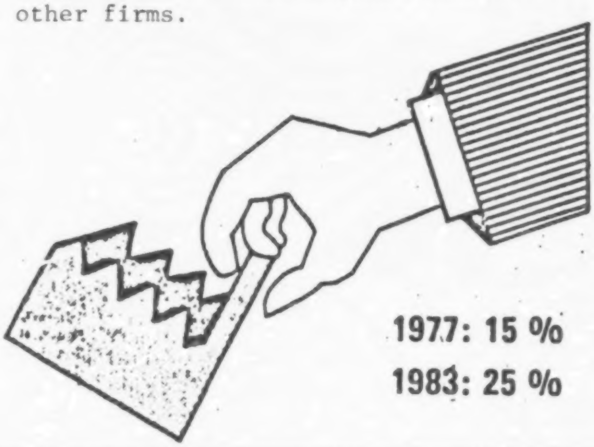
Allowing for inflation, the big five actually increased their investments by 20 percent. On the other hand, the other 17 groups reduced their investments in real terms by a full 40 percent. As an explanation of the real increase by the five big groups, SIND mentions, among other things, the many acquisitions of other firms. A not inconsiderable portion of the investments consisted quite simply of such acquisitions.

Here it can be said that the five big groups consisted of just over 130 firms in 1977 and of 250 firms in 1983, meaning that the number of firms in the five groups almost doubled during the period.

The five big groups have therefore come to account for a steadily increasing share of total Swedish investment in real capital. That share gradually rose from 15 percent in 1977 to 25 percent in 1983: a 67-percent increase. Here, of course, the many acquisitions of other firms also play a role.

In other words, the big groups came to play a steadily increasing role in Swedish industry during the period in question.

The five biggest groups are responsible for an ever-increasing share of industrial turnover. This is due in large part to their acquisitions of other firms.



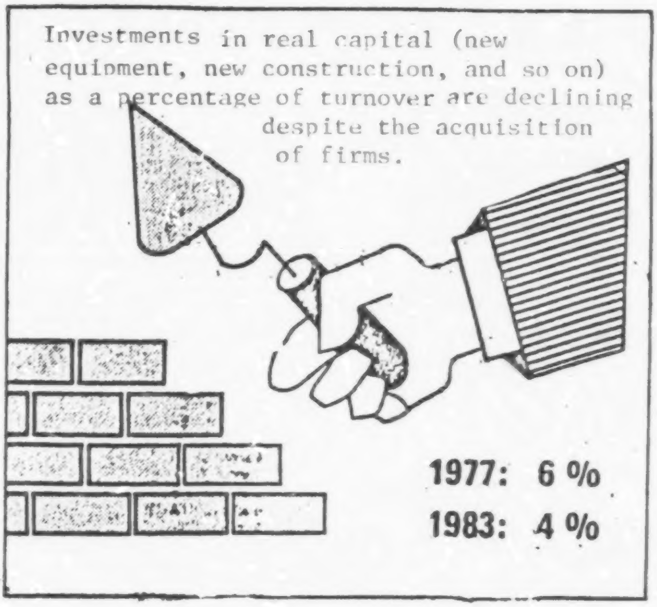
Failing To Keep up

Investments in real capital did not keep pace with the increase in turnover during the period. In 1977, investments in real capital by the five biggest groups came to 6 percent of turnover. By 1983, they were down to 4 percent--a drop of one-third between 1977 and 1983. Developments in the other 17 firms were more or less the same: from 9 percent in 1977 to 6 percent in 1983.

In other words, investments in real capital as a percentage of turnover in Sweden declined substantially during the period in question.

SIND's survey also shows that the five biggest groups had the lowest investment ratio (investments in real capital as a percentage of turnover in Sweden) for Swedish industry as a whole during the period in question. And if we look only at the period from 1980 to 1983, we find that those groups disinvested. They simply phased out parts of their activity in Sweden.

Many people have claimed that the firms have chosen to invest in research and development (R&D) instead of in real capital. SIND's survey shows that that is not the case. Instead, it shows that in general, R&D investments as a percentage of turnover remained stable during the period.


Investments in real capital (new equipment, new construction, and so on) as a percentage of turnover are declining despite the acquisition of firms.
1977: 6 %
1983: 4 %

Same Percentage

In other words, R&D investments as a percentage of turnover did not increase during the period.

In the five largest groups, inventory investments in connection with their Swedish activity fell from 7 percent of turnover in 1977 to 1 percent in 1983.

During the same period, the other 17 groups reduced their investments in inventory from 4 percent of turnover to practically 0 percent. In other words, there was a very sharp reduction. According to SIND, this may very well be viewed as reflecting the high interest levels in Sweden.

In other words, investments in inventory as a percentage of turnover declined drastically during the period.

What did increase in size--and perhaps this is not especially surprising--were financial investments. (What is meant here by financial investments are bank savings, shares of stock, and long-term loans receivable.)

In the case of the five big groups, financial investments as a percentage of total capital rose from 13 percent in 1977 to 23 percent in 1983--a full 77-percent increase. That increase has reference to all activity, however--both in Sweden and abroad.

More Profitable

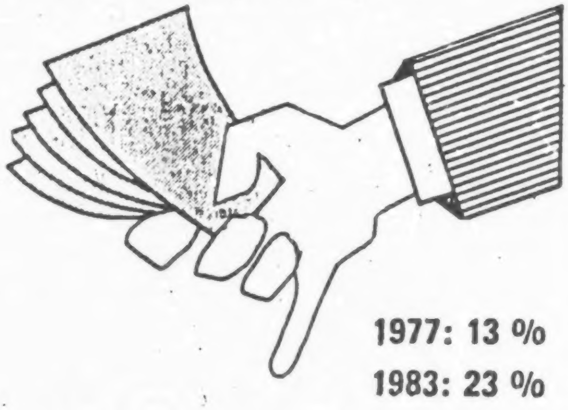
The other 17 groups show a similar development. Their financial investments as a percentage of total capital rose from 12 percent in 1977 to 19 percent in 1983--an increase of 60 percent.

In other words, during the period in question, the firms considered it more profitable to make financial investments, the main purpose being to obtain interest income, than to invest in plant, R&D, and inventories.

According to SIND, this also reflects the fact that the groups underwent a transformation during the period, having switched from being more or less purely manufacturing firms to being financial systems.

But purely industrial activity still accounts for 90 percent of the turnover by those groups, and that percentage remained relatively constant throughout the period.

The groups are putting an ever-increasing share of their capital into financial investments. The simple reason is that it is more profitable to do so.



Higher Prices

But a reservation needs to be inserted here. The sharp price increases during the 1980's certainly played an important role and should be regarded as part of the explanation for the increase in financial investments.

The fact that the price of shares already held by the firms is rising does not mean, of course, that financial investments are increasing. So in reality, financial investments probably did not increase as much as SIND's survey might make it appear. On the other hand, the difference is probably not crucially great.

Role of New Issues Overrated

As a rule, firms have had three different ways in which to finance their investments: gross savings (retained earnings), borrowing, and new issues. Since profits have been high, they have easily sufficed for the regular investments made by the big groups of companies.

Gross savings by the groups increased as a percentage of turnover during the period in question. The groups therefore earned more and more profits to use for investment. And if gross savings are compared to investments in plant, those investments were amply covered by savings. This is true not only of activity in Sweden but of activity as a whole.

Easy To Obtain Loans

SIND was not able to present any data on borrowing. But it did look into the question of solvency. And for the groups covered by its survey, solvency has generally remained stable since 1977. The data also show that the solvency of those firms is clearly the highest and the most stable of all industrial firms. According to SIND, this is presumably due to the fact that they find it easier to plan their activity than others do.

The solvency of the five biggest groups is somewhat lower than that of the other 17. Perhaps this can be explained by the fact that it is easier for them to borrow money. For the big five, solvency hovered between 30 and 32 percent during the period in question, while for the others, it remained quite stable at around 35 percent. The big firms therefore enjoyed fairly satisfactory solvency throughout the period.

SIND's survey also shows that the role of new issues as a source of financing is clearly overrated. New issues accounted for only 1 percent of turnover, while the share represented by gross savings was around 6 or 7 percent during the period.

Gross savings during the period were therefore a considerably more important source of financing than new issues.

Higher Margins

Gross margins on activity by the groups in Sweden--that is, that portion of the price of a product which exceeds manufacturing cost--rose during the period. The big five increased their margins from 7 percent in 1977 to 10 percent in 1983. The other 17 show an even larger increase: from 7 percent in 1977 to nearly 12 percent in 1983.

On the other hand, the margins on activity abroad declined, especially in the case of the five biggest groups. Between 1980 and 1983, margins on their activity abroad fell from 21 percent to 7.5 percent. That is a very remarkable decline.

In the case of the big five, therefore, margins on activity in Sweden were greater than those on activity abroad in 1983. The devaluations naturally played a role in this connection, but the question is whether they can explain all of that very large decline.

Good Return on Investments

Lastly, SIND notes in its report that the return on non-borrowed capital as well as on total capital just kept getting better and better. In the case of the five biggest groups, the return on non-borrowed capital in connection with their activity in Sweden rose from 12 percent in 1977 to 28 percent in 1983: an increase of 133 percent.

For the other 17, the increase was a full 325 percent: from 4 percent in 1977 to 17 percent in 1983. By way of comparison, it can be mentioned that the interest rate on government bonds varied between 10 and 14 percent during the same period.

In conclusion, SIND notes that the return on financial capital was considerably better than the return on working capital. This is true above all for the five biggest groups: the same groups which, during the period in question, increased their financial investments by 77 percent.

11798
CSO: 3650/261

BRIEFS

ISLAMIC DEVELOPMENT BANK--Jidda, 25-7 (A.A)--The Board of Executive Directors of the Islamic Bank approved a $26.3 million loan to be extended to Turkey. During its 84th session, the board decided to extend the loan to Turkey for its foreign operations, namely to be utilized in financing import of unprocessed leather from an IDB [Islamic Development Bank] member country and jute imports from Bangladesh. [Text] [Ankara ANATOLIA in English 1440 GMT 25 Jul 86 TA] /12766

CSO: 3500/13

TERMA ELEKTRONIK FIRM LOOKING TO U.S. FOR PLANE COMPONENT SALES

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jul 86 Sect III p 2

[Article by Martin Burcharth: "Danish Firm Staking Much on U.S. Air Force"]

[Text] New York--Terma Elektronik is opening a sales office in the United States. It will sell measuring equipment to the American Air Force. The firm already is a supplier for the F-16.

One of Denmark's large electronics firms, Terma Elektronik A/S, is now increasing its efforts in the American market and therefore is opening a sales office in Washington on 1 September.

The objective is to get the United States military to accept the ballistic measuring equipment which Terma and its subsidiary, Opos Elektronik A/S, have had success in selling in Europe and the Far East. The ballistic measuring equipment consists primarily of radar and computers which undertake ballistic measurements for newly-developed weapons in the test stage.

"Terma sells nearly no ballistic measuring equipment in the United States, which is a growing market. That is the primary reason why we are opening a sales office, but we also want to maintain our connections with the American Air Force," says the newly named director, Jens Peder Jensen.

For some years, the firm has sold electronic components for the F-16 fighter pursuant to the Danish/American compensation arrangement and has developed other electronic equipment for the European and American space programs. Jens Peder Jensen has expertise in these areas from his previous job. Since 1982, as trade attache with the Danish Embassy in Washington, he has been involved with Danish exports within the public sector in the United States, including the defense and arms industries.

Terma Elektronik is the second Danish subcontractor with the American defense industry which has opened a sales office in the United States. Bruel & Kjaer also has a sales office. Trade advisor Erik Ovesen in the Foreign Ministry, who previously was division chief in the construction firm Flexplan, will take over the vacant position at the embassy in Washington.

12578
CSO: 3613/170

MILITARY DENMARK

PAPER VIEWS PROSPECTS FOR DEFENSE PROGRAM COMPROMISE

Copenhagen BERLINGSKE TIDENDE in Danish 12 Jul 86 p 8

[Editorial: "The Defense Agreement"]

[Text] When the Socialist People's Party held its national congress last spring, the ideas of Margrete Auken and other Red realists of a showdown with the party's traditional anti-NATO position were already so dead that no participants in the meeting felt like contemplating the underlying idea: That it would be necessary for the Socialist People's Party to support the NATO alliance membership in order to be able to enter into a tenable government constellation with the Social Democratic Party. After the national congress, defense policy probings were nevertheless initiated between the Social Democratic Party and the Socialist People's Party to examine the possibilities of creating a defense policy alternative, corresponding to the security policy alternative.

However, the two parties have now decided that there is no sufficient common basis. The Social Democratic Party strives toward a largely unchanged expenditure framework, while the Socialist People's Party does not want to participate in procuring funds for a defense which the party cannot vouch for.

That is honest talk. At least on the part of the Socialist People's Party. It is now clear that the Socialist People's Party does not in the foreseeable future want to participate in the payment for a defense which has been set up within the NATO framework and strategy. Conversely, it ought to be clear that the Social Democratic Party from now on will choose its starting point, both in respect of framework and strategy, when the actual negotiations on the future defense agreement are initiated.

The question is whether that will, indeed, be the case. The way the political debate is going back and forth at present, there is the obvious risk that the Social Democratic Party will enter into the negotiations with a dual objective: One objective being to appear as the party that is seeking to undertake a reevaluation of the Danish security policy via the total expenditure framework of the Danish defense, one of the reasons being to please the Socialist People's Party. The other objective being to retain the large group of Social Democratic voters who continue to adhere to the classical alliance line in the party's policy. The question is whether the two objectives are compatible.

The government parties should from the start of the negotiations make it clear to the Social Democratic Party that the conditions for the upcoming defense agreement cannot be accidental and fluctuate according to the mood of the Social Democratic Party. The absolutely basic prerequisite for the defense agreement must be that the Danish defense fills its role in the joint NATO defense. There is no room for experiments with the set-up of the defense, and changes, if any, in the NATO strategy are not to be brought about by means of the set-up of the defense. The defense will have to reflect the current NATO strategy. Only if it is changed--following negotiations in the relevant assemblies--may this result in changes in the set-up of the defense. But will the Social Democratic Party enter into the negotiations on that basis? And- what may be more interessting--if the answer is yes, will the Social Democratic Party adhere to the point of departure once the Socialist People's Party starts bombarding it with the special security policy viewpoints cooked up jointly by Jens Thoft and Pelle Voigt?

The upcoming negotiations are associated with much uncertainty. A report from the Knud Østergaard committee is awaiting the negotiators. That report will be introduced in the middle of the fall and it may cause the negotiations to get a slow start and not be carried through before the end of the year. The outcome of the entire matter may therefore be that no new defense agreement will be carried through in the upcoming assembly but that the current defense agreement will be extended. This will not be a popular outcome to the defense leaders, for there is a great deal in the current defense agreement which needs to be revised. But it may become a political necessity in order to avoid even greater uncertainty in connection with the Danish defense than the uncertainty which 4 years of security policy debate have hitherto accomplished.

7262
CSO: 3613/174

RETRENCHING SHIPBUILDER HOPES FOR APC CONTRACT FROM ARMY

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 86 Sect III p 1

[Article: "Military Orders Can Save Shipbuilder"]

[Text] Many of the laid-off workers at Nakskov Skibsvaerft may be reemployed if the politicians implement a modernization of the military's armed personnel carriers.

Nakskov Skibsvaerft wants to produce armed personnel carriers for the army. In that way, employment could be ensured for some of its 700 laid-off workers. Nakskov Skibsvaerft could start production immediately if the Defense Ministry approves the new rescue plan for the shipbuilder.

For several months, negotiations have been under way with a Swiss weapons firm --negotiations which the shipbuilder itself has handled; according to information director for OK [East Asiatic Company] Erik Eriksen: "OK has not been involved in these negotiations and apparently there is still a ways to go before the plans can be implemented," he told BERLINGSKE TIDENDE.

Nakskov Skibsvaerft is so far along that it can produce the Swiss armed personnel carriers in a manner which fulfills all of the requirements which are imposed by a modern military organization. "The recipient of the armed personnel carriers initially would be the national guard," says S. Rahbaek Rasmussen, director of the shipbuilding firm. The director believes that each single vehicle which is produced would provide employment for one worker for one year.

12578
CSO: 3613/170

MINISTER CITES MEASURES EASING THULE BASE PROBLEMS

Base Area Halved

Godthaab GRØNLANDSPOSTEN in Danish 2 Jul 86 p 5

[Text] Minister of Greenland Affairs Tom Høyem recently announced to Mayor Qaaqqutsiaq Nielsen of Qaanaaq that steps will soon be taken to halve the military base at Pituffik from the present 1400 square kilometers to approximately 600 square kilometers.

One of the effects of this will be that it will be possible to build a warehouse at the fishing village of Narsaarsuk to the west of the base.

"We have previously expressed the desire to the minister that a warehouse be set up at that spot," Mayor Qaaqqutsiaq Nielsen tells GRØNLANDSPOSTEN. "And we broached the subject anew when the minister visited Qaanaaq in mid-June. The thing is, of course, that our sealers spend a large part of the year in the area. But after the closing of Dundas last year, they have had great difficulties obtaining supplies of goods. They have to go all the way to Moriusaq to buy provisions, even if the weather is bad.

Chilly Reception

In his talks with Minister of Greenland Affairs Tom Høyem, Qaaqqutsiaq Nielsen mentioned an example of the problem:

"Last fall, a sealer and his family were staying at Narsaarsuk for sealing. The fall storm broke, and their motorboat was smashed by the waves. Even if there was still no snow, the sealer travelled over land to the military base to telephone Moriusaq from there. But at the military base, he was given such a chilly reception that he was first asked to leave. And he had to exert pressure before he was finally allowed to use the telephone to give a message to Moriusaq.

Qaaqqutsiaq Nielsen asked the minister to participate in the establishment of a warehouse at Narsaarsuk. But Tom Høyem pointed out that it would have to take place in cooperation with the home-rule government and the municipal authorities.

Sealing Nets Prohibited

The minister of Greenland affairs was not able to tell the mayor of Quaanaaq at the meeting when the base area would become halved, but he said that they were now only awaiting the formal acceptance of the relevant authorities.

Further discussion of another issue raised by the Avanersuaq municipal authorities was postponed, pending the final clarification of the issue of the base area.

Sealers from Moriusaq have for many years been using nets in the sealing when Dundas is icebound. Last fall, they thus started setting their nets in the area when the base authorities came up to them, ordering them to remove their nets. The base authorities pointed out that Dundas was closed and that the sealers were inside the limits of the base area.

This surprised the sealers because they had hitherto been able to carry on sealing in that area without any such reaction on the part of the base authorities.

"I discussed the matter with the base authorities last fall. But they adhered to the assertion that no sealing with nets was permitted in the area. Even though the distance between the sealing places and the radar installations of the base is large, they talked about precautions on account of their radar installations," said Qaaqqutsiaq Nielsen.

"We shall now try to demand permission to set sealing nets in the area at least for 3 months from October till the end of December."

Foxhunting in Base Area

In the winter, the personnel at the base usually kill a number of foxes straying around outside as well as inside the base area. Their catches are handed over to the sealers.

The sealers naturally are happy about this. There is the drawback, however, that the foxes are killed with shotguns, as a result of which the skins are often damaged to such a degree as to render them unsuitable for sale.

That is why the sealers have long desired to take personally part in the foxhunting within the base area, at least under the supervision of the base authorities.

"The Americans seem to be more responsive to this request. And I expect that we shall obtain their permission," Mayor Qaaqqutsiaq Nielsen concluded by saying.

Compensation Issue Unresolved

Godthaab GRØNLANDSPOSTEN in Danish 2 Jul 86 p 5

[Text] A 9-point program to improve the conditions of the Thule population in relation to the American military base at Pituffik was taken up anew by Minister of Greenland Affairs Tom Høyem during his recent visit to the Thule municipality. He presented the same program already last fall, but this time he described it in greater detail.

The initiatives contained in the program were welcomed by the municipal authorities.

However, it was pointed out to the minister that this does not mean that the municipality will now be able to abandon the Thule issue, i.e. the compensation issue against the Danish state for the loss of sealing areas in connection with the establishment of the Thule Air Base in 1951 and the subsequent forced removal of local residents from Uummannaq (Dundas) in 1953.

Meeting at Siorapaluk

In the northernmost settlement of Greenland, Siorapaluk, a citizens' meeting was held in connection with the visit of Tom Høyem and Defense Minister Hans Engell. Mayor Qaaqqutsiaq Nielsen says:

"Some of the participants in the meeting asked the minister how far they had proceeded with the so-called Thule issue. The minister said that the state had rejected the issue. And he added that there now was a program for the improvement of the conditions and he thus felt that they might as well drop the compensation issue."

"I stated that we did not at all plan to regard the content of the program as a solution to the compensation issue, and that we shall carry on with the issue," Qaaqqutsiaq Nielsen tells GRØNLANDSPOSTEN.

The working group in charge of the Thule issue consists in addition to Qaaqqutsiaq Nielsen of Uusaqqak Qujaakitsoq, member of the Greenland Parliament, and Deputy Mayor Ole Qujaakitsoq.

Work at Base

In addition to the plan to halve the area of the military base, which has been discussed elsewhere in this paper, Tom Høyem's program involves the following:

The local population will be given access to work at the base. Two Greenlanders, an electrician and a pipe fitter, have already got work at the Thule base following an agreement between Danish Arctic Contractors and Greenland organizations.

Qaaqqutsiaq Nielsen, moreover, tells GRØNLANDSPOSTEN that two persons from the Thule municipality will, in the course of July, be engaged on trial at the base, initially for 3 months.

The conditions of the local population staying in transit at the base will be improved. During his visit at the base, Tom Høyem thus inaugurated a guest house with accommodation for 14 persons. In addition, a Greenland-language assistant to the forwarding agent will be appointed from 1 July.

Tourism and Peter Freuchen's House

The minister, furthermore, promises that the state shop at the Thule base will be expanded to sell products made by the local population, i.e. crafts and the like.

Tourism from the base to Qaanaaq will be increased. In this context, the minister refers to negotiations between the municipal authorities of Thule and the Greenland Travel Bureau (in which the state is involved, editor).

On this, Qaaqqutsiaq Nielsen tells GRØNLANDSPOSTEN that the municipal authorities and the travel bureau have agreed to start the small-scale construction this summer of a building to accommodate tourists.

Tom Høyem promises the municipality a subsidy for the remodeling of Peter Freuchen's House at Dundas for museum purposes, and he gives the municipal authorities permission to select deserted houses in the same area for re-use as houses for sealers.

The minister, incidentally, stated during his visit that the American will see to the transport of the 26 musk oxen which this summer will be moved from Kangerlussuaq to the Thule area. It is the home-rule government which has made the decision to move the musk oxen to three locations in the Thule area. They will be totally preserved the first 12 years.

Forty-Six Dwellings

The last item on the program of the Minister of Greenland Affairs Tom Høyem was a surprise to the municipal authorities. It concerns the construction of a total of 46 dwellings during the period 1986/89.

"We have already signed an agreement with the home rule government and the state involving the three-party construction of fifteen dwellings up to 1986," says Qaaqqutsiaq Nielsen. "And the minister now says that another 31 dwellings will be added to these construction plans. We regard this as 'a major and welcome' gift from the state, assuming that the state will undertake all of the costs in connection with such a marked increase."

"However, as pointed out earlier, we will not accept the minister's move as the solution to the so-called Thule issue. That is a major and fundamental issue, which we intend to continue to fight for. The concrete measures dealt with in the minister's program are things which we have long ago pointed to and requested from the Danish state, though without having received any response. The minister has now presented these things as his own proposals, and that is, of course, gratifying," Quaaqqutsiaq Nielsen concludes by saying.

Government Company Gets Role

Godthaab GRØNLANDSPOSTEN in Danish 25 Jun 86 p 32

[Text] Home-rule company will ensure the selection and appointment of Greenland labor at Kangerlussuaq and Pituffik.

It was the company of Greenland Contractors I/S [I/S: partnership] which in the competition with another two concerns was awarded the service contracts for the American bases at Pituffik and Kangerlussuaq for the coming 5 years. The home-rule government participates in Greenland Contractors I/S, and they have thus now ensured that Greenland labor may be--and will have to be--employed at the two bases.

In addition to the above-mentioned home-rule company, which is in the process of formation, Greenland Contractors consists of the following enterprises:

Danish Contractors Christiani and Nielsen, Inc., Højgaard and Schultz, Inc., A. Jespersen and Son, Inc., Kampmann, Kierulff and Saxild, Inc., Monberg and Thorsen, Inc., as well as Saabye and Lerche, Inc.

It is a question of contracts concluded with the American air force, U.S. Air Force, and for the first year alone, the value of the contracts will amount to approximately 350 million kroner.

For the remaining 4 years, the price will be adjusted on the basis of price and wage trends.

Greenland Labor

A press report states that the company owned by the home-rule government will be represented on the board as well as in the daily management of Greenland Contractors. The gradual introduction of Greenland labor at the bases will be an important task in this connection. The representatives of the home-rule government will, in particular, participate in the selection and appointment of the said labor force.

The cooperation between the home-rule company and the Danish partners is a natural continuation of the cooperation with the Greenland home-rule government which was started via the participation of Isco, a company partly owned by the home-rule government, in the DAC-Isco consortium, which operated in Jameson Land in 1984-85.

7262
CSO: 3613/174

ELECTRONIC WARFARE, RECONNAISSANCE TASKS FOR 35 NEW 'TORNADOS'

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 20 May 86 p 6

[Text] The air force is to receive an additional 35 tornado airplanes specially equipped for reconnaissance and electronic warfare, which will add DM3.3 billion to the original procurement plan. Last week Finance Minister Stoltenberg approved this new plan, the most costly submitted by the armed forces during this legislative period. On 4 and 5 June the Defense and Budget Committees of the Bundestag are to give the project their approval.

The 35 planes, earmarked for the 32nd fighter-bomber squadron in Lechfeld and the 38th fighter-bomber squadron in Jever, will improve the inadequate and antiquated air reconnaissance capability of the armed forces and strengthen the ability of the Tornado units to penetrate the Warsaw Pact air defense in emergency situations. To this end they are equipped not only with radar jamming devices, but also with special missiles designed to locate and destroy electronic installations such as radar emplacements. That the airforce deems it necessary today to escort its regular tornado units with these planes indicates that the Warsaw Pact's air defense capability is so highly developed that it once again threatens to challenge the Tornado concept as originally designed. The building of the 35 additional aircraft--the Defense Ministry had originally proposed 40, but could only convince the Finance Minister to order 35--raises the number of Tornados contracted by the FRG to 357. According to the latest price level, this pushes the cost of the total Tornado project over the DM30 billion limit.

Of the DM3.3 billion that the production of the 35 planes will cost, DM700 million will come from England. The FRG can claim payments in this amount from the United Kingdom because production of the Tornado was previously a mutual undertaking of the FRG, England and Italy. Approximately the same amount of money was saved in the current production of Tornados as the rate at which prices increased remained considerably under that projected. This year, costs come to DM200 million, a figure which will climb to almost DM700 million annually by the end of the decade.

13233/12899
CSO: 3620/716

BUNDESTAG HEARINGS ON ALTERNATIVE NATO STRATEGIES PUBLISHED

Bonn WEHRTECHNIK in German May 86 p 107

[Review by R.S. of "Alternative Strategien: Das Hearing in Verteidigungsausschuss des Deutschen Bundestages" [Alternative Strategies: The Hearing Before the Defense Committee of the German Bundestag] edited by Alfred Biehle, Bernard & Graefe Verlag, Koblenz, 1986, 1,113 pages]

[Text] Let me say from the outset that this extensive work bestows a "summa cum laude" on the Defense Committee of the German Bundestag.

Here the fractions of the German Bundestag, and designated as consultants by all the parties--including, for example, church representatives, active and retired senior military officers, renowned journalists and many others--examine in question-and-answer format the prevailing doctrine (and origin) of "flexible response" as well as the numerous so-called alternative strategies.

All contributions to this book must be applauded for their expertise, fairness, honest conviction and respect for other viewpoints. These qualities alone demonstrate how seriously all participants took this difficult, almost impossibly complex problem of our nation's security. Rather than party lines, very basic, personal convictions are presented here. The otherwise infrequently evinced expertise in this field is all the more impressive as extremely diverging views are aired and supported here. Also refreshing is the way in which the final position of the Defense Ministry is expressed in the expert, fair and unpolemical style of the anthology.

The editor as well as the publisher are to be thanked for this impressive publication.

13233/12899
CSO: 3620/716

NAVY CHIEF ON FLEET MODERNIZATION, ASW CAPABILITY

Helsinki UUSI SUOMI in Finnish 10 Jul 86 p 6

[Article: "Navy Commander Satisfied: Fleet Has Entered Electronic Age"]

[Text] Naval Commander Admiral Juha Tikka, who delivered a speech at the Helsinki Naval Station in Upinniemi on the Navy's anniversary on Wednesday, considers the Navy's present situation to be quite satisfactory. According to Tikka, with the newest Helsinki-class Kotka missile boat the fleet has taken a giant step from the point of view of modern electronic warfare.

"This new equipment will stand up to a comparison with any country," smiled the admiral contentedly at a press conference held on the Kemio ship.

"Personnel have been trained in the new technology for 3 years already, and operational readiness of the equipment has been achieved. It is significant that the changing of attitudes to conform with thinking in accordance with the new technology has been more difficult than the training itself," stated Tikka.

"In a 5-year period 580 million markkaa were invested in the construction of the Helsinki-class vessel and the training of personnel. Now the operational missile boat squadron provides the Navy with a more effective means of surveillance in our country's territorial waters also under exceptional conditions in which long-range surveillance and efficiency are required."

"Submarines Would Be Needed"

The Paris Peace Treaty limits the quantity and quality of air and naval equipment in Finland's Defense Forces. According to Admiral Tikka, the Navy still has an important responsibility in the protection of Finland's neutrality, which it is able to fulfill with its present equipment.

"Indeed, we would need exercise and real submarines for training purposes, but they will not be procured," regretted the admiral.

"The peace treaty limits us, on the one hand, and a new military unit is not just created out of nothing, on the other hand."

No Submarine Hysteria

Tikka does not believe that Sweden's and Norway's submarine incidents will actually affect the attitudes of recruits performing their military service in the Navy. According to him, the events in neighboring countries are somehow felt to be distant in Finland.

"On the other hand, however, motivation is certainly increased by the fact that we now have exceptionally effective equipment with which we are able to perform surveillance and other tasks under the surface of the sea also," said the admiral in remembering to praise the new missile boats at the conclusion of the interview.

10576
CSO: 3617/144

CONSERVATIVE PAPER ON USSR DEFENSE MINISTER'S VISIT

LD191343 Helsinki Domestic Service in FINNISH 1045 GMT 19 Jul 86

/From the Press Review/

/Text/ According to UUSI SUOMI the visit, which ended yesterday, by Soviet Defense Minister Marshal Sergey Sokolov and his high-level entourage was extremely important. The paper says that the highest military leaders of the superpower have other things to do than to watch Finnish wargames on Parola Heath. They would not have come here if the new Kremlin leadership had not wanted to demonstrate clearly that relations between Finland and the Soviet Union are good, friendly and trustful, UUSI SUOMI notes. According to hints from Moscow, the composition of the entourage and the entire visit were messages to the world. Thus they wanted, it is said, to show that the new party leader, Mikhail Gorbachev, who earlier had very little to do with the highest leadership of the Armed Forces, and the highest military leadership are firmly pulling together. The sending of the above-mentioned message may well have been thought appropriate, UUSI SUOMI says, for the Kremlin's many disarmament initiatives have often been interpreted in the West as a weakening of the miltiary leadership's status.

Great attention outside Finland was aroused also by the recent visit to Kuopio of the Soviet MiG-29 aircraft. No Finnish expert is yet believed to have studied the new plane to such an extent that buying it could even be considered. The MiG-21 fighters already bought will be in use for years to come. And in the Soviet Union, too, it is well known that Finland will not buy fighter planes as if from the shop shelves, but that possible purchases will be a lengthy process involving also the political leadership, including the Diet. The purchases must be fitted in with the entire security policy. We are not able to develop all branches of defense at the same time; now we are talking about the decade of the land forces. Above all, the strengthening of the credibility of our ability to defend ourselves requires that foreign countries estimate our defense capability on land as sufficient. The present situation in thr trade with the East provides starting points for reinforcing the equipment of our land forces with Soviet material. Thus we shall also strengthen the foundation of the military articles of the Finnish-Soviet Treaty of Friendship, Cooperation and Mutual Assistance. However, we can still outline the future needs of the Air Force at the same time.

According to UUSI SUOMI, Finland has nothing against the Soviet Union's regarding our country as a good shop display window in which they can show both /word indistinct/ and fighter planes. However, the clearest and, for the Finns, most important message of the visit was that bilateral relations between Finland and the Soviet Union are in order, says UUSI SUOMI.

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MILITARY FINLAND

BRIEFS

LOWER DRAFT AGE PROPOSED--The general staff is preparing to lower the official draft age by one year. In this way the age limit would be more flexible: it would be possible to enter the military at the age of either 19 or 20 years; the current official draft age is 20 years. The reason for implementing the new draft age is the decrease in the size of the age groups. The general staff has not yet submitted a proposal on the issue to the Ministry of Defence. However, it aims at implementing the flexibility in next year's drafting process. [Text] [Helsinki UUSI SUOMI in Finnish 25 Jun 86 p 9] 12956

CSO: 3617/134

NEW COMMANDER ON NATO EXERCISES, USSR THREAT

Oslo AFTENPOSTEN in Norwegian 4 Jul 86 p 4

[Interview by Liv Hegna: "The United States Welcome to Join Exercises!"]

[Text] NATO has scheduled another exercise in 1987 which will include a group of aircraft carriers in Vestfjord. U.S. B-52 bombers may participate in laying mines and carrying out the electronic warfare. The newly appointed commander-in-chief in North Norway, Lieutenant General Vigleik Eide, felt this way about it: "I am very much interested in promoting allied exercises that define areas in the north as free." Eide added that although Norwegian army forces are concentrated in the Tromso area, it does not mean that Finnmark is without protection.

"We have chosen a defensive exercise plan in the northernmost part of Norway approaching the Soviet border, but will not allow allied activity east of 24 degrees longitude. This low-profile exercise is designed to stress the national defense of Finnmark. Garrisons in Sor-Varanger and Porsanger are important elements in this connection," said Eide.

[Question] But since the army generally turns close-range air defense over to the allies, and the fact that these planes are not allowed to exercise in Finnmark, can we assume that these planes will come in here in the event of war? And what will happen to the battle these garrisons are supposed to fight?

General Eide mulled over the answer but concluded firmly and resolutely that under no circumstance is leaving part of our national land area open to enemy advances an acceptable solution.

Eide was concerned about the growing naval threat in the north, while there have only been sporadic allied exercises in the area. "I personally look forward to leading the joint military forces made up of army, navy and air defense units," he said.

[Question] Military personnel is possibly concentrating too heavily on decisions concerning career, pay increases and working hours. New ideas may be needed to get more effective defense out of every krone during hard times. How does the general feel this should be done?

[Answer] I feel that military officer schools provide the best environment for this kind of thing. It is true that a long period of peace may have influenced officers' thinking. In this connection we need to remember that the Norwegian military was systematically cut back between the two world wars. In the last 40 years we have at least managed to maintain a positive attitude toward the military and NATO and have avoided situations like we had in the thirties.

Politics

[Question] Are you affiliated with a political party?

[Answer] General Eide mulled over the answer to this question as well: My immediate circle of friends knows my party affiliation, but I shall not tell AFTENPOSTEN to what degree my party affiliation matches the color of the present or the former government.

In any case, it is such that the Minister of Defense Johan Jorgen Holst could accept Vigleik Eide as commander-in-chief, while he opposed the Supreme Commander's recommendation of Major General Martin Vadset. The latter led the Anchor Express, which took the life of 16 soldiers in the avalanche accident in Vassdalen. Eide led the battle strategy team in the same exercise and was thus second in command to Vadset.

[Question] Did the appointment come as a surprise to you?

[Answer] Yes, completely. Like most of the others, I figured that the Supreme Commander's recommendation would be accepted by the political leadership.

[Question] Looking back on what happened in connection with Anchor Express, one might draw some conclusions. Could it be that Ola soldier's ability to wage war in the winter is dwindling?

Allied Criticism

[Answer] I have been aware of critical remarks among our allied friends. But the only way we can counter such claims is to carry out winter exercises in accordance with a normal program. Above all, we must not get ourselves into a situation in which all exercises are to take place in rural flat country. This would be the surest way of rekindling rumors of low morale among our soldiers.

[Question] Leaders of the Anchor Express exercise fared badly in cooperating with the press after the avalanche accident in Vassdalen. As commander-in-chief, what do you have to say about the media relationship?

[Answer] Generally speaking, I feel that press people have a good and positive attitude toward the military. The situation is that officers tend to be reserved with the media, bordering on a passive attitude. This tends to put us "somewhat behind" from time to time.

Eide also disclosed a falsehood about himself:

"I am not from Fana, although my birth certificate says so. My native community is Torvikbygd in Norheimsund so I am probably a true "harding," the newly appointed commander-in-chief in North Norway, Lieutenant General Vigleik Eide told AFTENPOSTEN.

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MILITARY NORWAY

NAVY TO ACQUIRE TEN MINESWEEPERS OVER NEXT FEW YEARS

Oslo ARBEIDERBLADET in Norwegian 7 Jul 86 p 6

[Article by Egil Knudsen: "Defense Replacements: Orders Worth Billions to Norwegian Shipyards"; first paragraph is ARBEIDERBLADET introduction]

[Text] Oslo--During the next few years the defense forces will procure 10 new minesweepers. It has already been decided that these will be built in Norwegian shipyards, which means orders for about two billion kroner. Building is expected to start during 1988.

"We have important social considerations to look after in this matter. Therefore we have decided that the ships will be built in Norway, even though this will take somewhat longer," said Defense Minister Johan Jorgen Holst to ARBEIDERBLADET.

Spread Building

He further stated that it still has not been decided which shipyards will get the orders.

"We are prepared, however, to spread the building around to different places," said Holst.

The 10 minesweepers will replace today's minesweepers in the defense forces. They will be very advanced ships, in technology as well as in the hulls themselves.

Bureau Chief Inger Lise Sogstad in the Defense Department informed ARBEIDERBLADET that at the moment the plans are undergoing preliminary study. Different technical solutions are being evaluated, among other things.

Completed in the 90's

"We expect that the preliminary studies will be completed this year, and that contracting for the first ships can take place in the middle of 1987. That will take place on a bid basis," said Sogstad.

"When will all the 10 ships be completed?" we asked.

"That depends on how much funds are made available in each individual defense budget. The total price of two billion 1986 kroner is, however, fixed. It is most likely that the work will be concluded during the early 1990's," said Bureau Chief Inger Lise Sogstad.

9287
CSO: 3639/139

MILITARY SWEDEN

ARMED FORCES CHIEF DESIGNATE STRESSES IMPORTANCE OF NORTH

Helsinki HELSINGIN SANOMAT in Finnish 13 Jul 86 p 22

[Interview with Lieutenant Bengt Gustafsson by Marja Salmela, date and place not given]

[Text] Bengt Gustafsson, the future supreme commander of the Swedish Defense Forces is trying to direct the procurements of the armed forces toward businesses in the north.

The Swedish Army's most northern and also most important military base is in Boden, a full hundred kilometers from the Finnish border. Northern Norrlann's pentagon is quickly found in the city center, next to the hospital. Entry is easy: there are no fences, and there is not one single guard.

A recruit sitting in the vestibule offers a friendly greeting in the same manner as a polite guard at a large company. When majors, colonels, and captains walk by, the recruit only nods from his chair and does not jump to attention in the Finnish manner.

Lieutenant General Bengt Gustafsson, 52, who is to be promoted to the supreme command of the Defense Forces in October, also offers a relaxed greeting.

When Colonel Gustafsson was named the commanding officer of Sweden's militarily most important area in 1984, he was also promoted directly to lieutenant general.

Bypassing the rank of major general is exceptionally rare; it was already assumed then that the man would become the supreme commander. A supreme commander must know the the Norrbotten area as well as his own backyard. In recent years the Defense Forces have given more money and equipment to this area than any of the country's other districts.

Gustafsson's rocket-like career began already at the Karlsberg Officers' School. It is said that the top student in his class talked about his dreams of becoming a general. One after another he has bypassed many experienced officers. He developed relations with the politicians as a planning chief in the Ministry of Defense.

The General Bargains for Deals

This man who is reminiscent of a smiling, efficient and charming businessman takes a deep breath and begins a breathless speech in defense of area policy.

The future supreme commander fears that the most recent wave of migration will empty the broad expanses of Norrbotten. People are moving south in search of jobs. Fortunately, the cities of Lulea, Pitea, and Skelleftea on the Gulf of Bothnia stop some of those migrating south. Therefore, industrial development funds go to the coast, they do not trickle into the interior.

The strategic significance of the Arctic area, however, has become emphasized in recent years, and Sweden's army has concentrated its forces there by establishing new detachments and procuring weapons. Gustafsson's problem is simple: if a crisis comes, fortifications are in the north, an area becoming devoid of people, and the men are hundreds, even thousands of kilometers away.

Gustafsson's solution is simple also: in the future the Defense Forces will order more supplies and equipment than previously from northern Swedish firms. If a couple hundred million of the 8-billion procurement allotment were spent in Norrbotten and Vasterbotten, it would already mean hundreds of new jobs. Presently, the sum is around 20 million.

Many have forgotten the fact that the Army does not just buy aircraft or radar based on high-tech development, but it also buys nails and ryecrisp. "There is not one single processed food plant, for example, in all of northern Sweden. Every pancake and meat ball must be transported here from the south. Why could not a processed food plant succeed even in the north," says the general in encouraging entrepreneurs.

This area policy sermon does not appear to be just talk as has been the case with many of Gustafsson's predecessors. The energetic lieutenant general shuttled throughout the winter and the spring to various communities to speak at seminars arranged for businessmen. He also invited the Army's major purveyors to attend.

Gustafsson will attempt to initiate cooperation between the metal workshops in the north and the Bofors Weapons Plant as well as the Hagglund & Soner Company, which assembles caterpillar vehicles. They produce vehicles as if from Lego building blocks, even a small firm would be capable of manufacturing a certain amount. "These businesses must, however, agree to stiff competition, no special conditions can be arranged."

The general's bargaining is already producing results, indeed, contracts that are still small. A textile firm in Boden is now clothing recruits with a million, a metal workshop in Haaparanta is welding weapons boxes to cross-country vehicles.

There will be much larger issues on Bengt Gustafsson's mind in a couple months when he moves to Stockholm and to Army Headquarters in Bastion. He has a full half year to influence the debate on the future of the Defense Forces, which will become more animated in the fall.

Next spring Sweden's parliament will determine how the state will contribute to the Army over the next 5 years. This decision on defense in 1987 will also determine whether the country's metal and aircraft industry will have 7 fat or 7 lean years.

Gustafsson places transparent slides on the overhead projector.

They disclose how defense's slice of the national income pie began to grow smaller in the beginning of the 1970s. The revenue received by the Swedish Army has, in fact, decreased drastically when it is compared with the sums allocated for the support of education, housing construction, and industry.

The atmosphere at that time was against the Defense Forces: pacifism flourished after the experiences of the Vietnam war, recruits had to be enticed to attend officers' schools. To improve its reputation the Army scrapped its authoritarian command system and adopted a more informal style.

Reductions Take Away Credibility

Before this drastic reduction, Sweden used less than 4 percent of the country's gross national product for defense, now less than 3 percent, according to the statistics on the screen.

"This is how this looks," the lieutenant general pauses for effect and peeks out from behind his reading glasses with a mischievous twinkle in his eyes.

A new slide showing unit reductions is reflected on the wall: two of the artillery brigades and tank brigades have disappeared, 11 of the coastal artillery battalions, six of the mine clearing squadrons, 12 of the submarines, 23 of the combat ships, 11 aircraft from the destroyer squadrons, four from the reconnaissance aircraft division, and so on.

When Gustafsson shows figures for the Air Force and the Navy, he shakes his head and spreads out his hands. "This can no longer continue. These reductions are already causing anxiety in neighboring countries. If the direction does not change, the Swedish Defense Forces will lose their credibility."

Inasmuch as it will continue to be necessary to eliminate units because of a lack of money, the next target for saving money will be the ground forces according to the lieutenant general. Then it will become necessary to consider changing the compulsory military service system.

"This would be a serious mistake. There is a lot of surface area to be defended, but there are too few people. The same as in Finland. Every man is needed. I do not believe the people want a change."

On the contrary. In Gustafsson's opinion, the increasingly more complex technology of weapons and equipment attests to the need to lengthen service time and increase refresher courses -- the general himself was trained in technical units.

"Guess how many recruits serve in a submarine," he asks, but does not wait for an answer.

"Exactly one. He is the cook."

A decision will probably be made next spring to experiment with increasing the service time of recruits entering the Navy by several months.

If Sweden could afford to spend a little less than 4 percent of the gross national product on defense before the 1970s, would it not be able to afford more than 3 percent in the 1990s, continues Gustafsson. "The Army is not at all a pig in the welfare nest. It eats up only 3 percent of all the state's expenditures."

What do these percentages mean in practice? They mean 23--24 billion kronor (16--17 billion markkaa) annually. Perhaps, it will not be difficult for the new commander to get the attention of the politicians: the submarine incidents and spy scandals exposed in the Air Force last summer have cultivated a positive atmosphere for the Army.

The Army has reduced its permanent personnel by 10,000 during this austerity phase and it will attempt to accomplish its present tasks with a force of 17,300 officers and 20,200 civilian employees. The number of personnel will be reduced by even a few more thousand in the future.

The benefits for the permanent staff as well as recruits have improved, and, naturally, this is a cost factor. Soldiers frequently use commercial flights while travelling. The weekly air travel coupons for recruits alone cost 400 million kronor annually.

Nevertheless, a military profession does not attract young officers; the comings and goings of a working wife, children's day-care hours, and domestic chores are difficult to dovetail with irregular hours and a constant state of readiness.

The state's austerity program keeps wages low, one can earn even twice as much in a private company. Officers frequently advance to a higher position in civilian life than in the Army. If one chooses a military career, one must be ready to move. Many have purchased a home under favorable terms; living is now reasonably inexpensive. A move, on the other hand, is often economically very unfavorable.

"We are attempting to limit transfers as much as possible. We are presently seeking alternatives by which those having to move can be compensated. Many also choose life out of a suitcase: they move themselves, but the family remains behind. Consideration must be given to whether even such extraordinary expenditures can be alleviated."

The North Is Ready

[Question] In the opinion of the supreme commander, what are the weakest links which must unconditionally be improved in the future?

[Answer] A readiness to prevent incursions by submarines, but this is no longer anything new. The next task to be accomplished is the development of the new JAS multi-operational aircraft for the Air Force.

The aircraft being planned by Saab and Volvo at their aircraft engine plant receives its name from the Swedish words jakt, attack, and spaning or destroy, attack, and reconnaissance. This small, agile aircraft weighs half as much as the Viggen, but is still capable of transporting heavy weapons.

The new JAS-aircraft will be the Army's best bet and largest investment in the next decade. It is estimated that its procurement will cost around 35--40 billion kronor. The manufacture of the aircraft will begin in 1993 in Linkoping and Trollhattan.

Bengt Gustafsson leaves the Boden pentagon rather satisfied; the recruits have been placed on a sound basis. Norrlann's five brigades have brand-new equipment: the men no longer ski, but move about on cross-country vehicles and transport helicopters. The rivers and bogs are traversed by pontoon bridges built in 2 to 3 hours.

Air surveillance will be made more effective with a new radar system, which, if necessary, can be placed underground. The lieutenant general shows a diagram of a surveillance station, in which the sensitive antenna can be retracted into a protective silo.

The most recent subjects of pride, Sweden's first combat helicopters developed for anti-tank defense, are available for inspection at the airport. Only two of the 10-million kronor helicopters has been tested to date, later there will be 10 additional such helicopters at Boden.

On the other hand, no invitation to ride on one is extended; there is something the open Swedes want to keep secret. A videofilm produced by the Germans serves as an effective marketing tool: the copter ascends and descends, winds around and turns like a stunt plane. It flies at a speed of more than 200 kilometers at a height of a couple meters dropping almost to the bottom of the trench from time to time.

The film comes to an end when the missiles mounted on both sides of the helicopter strike the targets on the ground, imaginary tanks.

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ARMED FORCES TO ACQUIRE ERICSSON TRUPP RADIO 8000 SYSTEM

Stockholm SVENSKA DAGBLADET in Swedish 22 Jun 86 p 21

[Article by Erik Liden]

[Text] The new all-around radio system for the military--Trupp Radio 8000, manufactured by Ericsson Radio Systems in Kista and selected after competing with similar European and U.S. models--will be bought by the Army for nearly 1 billion kronor. Interest in this Swedish invention for export is also very high.

The Armed Forces' ideas for communications between now and the end of the century were recently presented at a large computer and electronics exhibit in Enkoping which included exhibitors from the entire Nordic Region and visitors from the rest of Europe.

The Swedish Armed Forces will soon buy nearly 1 billion kronor worth of this Ericsson product, which was tested in competition with five similar foreign communication systems. In every respect--price, quality, availability, maintenance costs, and simplicity--the Swedish product is the best.

For the first time, Armed Forces radio equipment is going to have so-called frequency hopping, meaning that channels are changed several times a second to make jamming and interception difficult. No other military radio in the world today can hop across as wide a frequency range as Trupp Radio 8000 can.

Data Communication

Older conscripts and NCO's are not going to believe their eyes when they come across Trupp Radio 8000 in future refresher courses. It provides automatic switching for conversations, automatic rerouting in case of interruption or relocation, encrypting, and data communication with personal computers or small computers like those the artillery will use to improve fire control between observation posts and gun positions.

The total communication system uses products from various Swedish and foreign firms. It will soon be possible to store all military maps in four colors in a computer providing instant display on a TV screen. Information on visibility, varying elevations, power lines, and large structures is produced automatically. That information will also be created on a rolling electronic map in the JAS-39 Gripen aircraft.

The National Telecommunications Administration is going to play a smaller role in the new military communication and information systems than it does today. The current modernization program involving AXE exchanges is creating problems for the Armed Forces. The automatic alerting of home guardsmen, civil defense, and so on is being made more difficult, and digital communications are reducing the possibility of direct connections in the field. There will also be fewer wiring points overall than there are today.

The Armed Forces are therefore going their own way, but they will use the National Telecommunications Administration's technology and lines wherever possible. Various systems--the Armed Forces telecommunications network, the National Telecommunications Administration's network, Telecommunications System 8000, Trupp Radio 8000, radio links, and line communications between fortifications--will be interconnected and also combined with modern computer systems for combat information operations and surveillance.

Nodes will be scattered all over the country to reduce vulnerability. Underground cables will replace overhead lines for the same purpose.

Trupp Radio 8000 will replace older American products, among them Radio 145. Older radio sets will be given to local defense units and the Home Guard, which have long been wanting better communication facilities. Trupp Radio 8000 is lighter, has a longer operating time and a longer range, can be preset, and is simple to operate, whether for transmitting or for receiving voice communications, code, or data communications.

Trupp Radio 8000 can also be easily mounted in combat vehicles, combat information centers, and so on.

The Swedish Government is expected to grant a purchase authorization totaling nearly 1 billion kronor in September. Neutral countries as well as NATO states, with the United States in the lead, are interested in the Swedish system.

Pictures From Viggen

"Sweden's profile in the area of communications and information is important to our security," said Lieutenant General Sven-Olof Olsson, Air Force commander in chief, in a talk at the exhibit in Enkoping. "Our surveillance system using the Viggen, photo interpretation, intelligence platoons, and so on currently provides extensive information based on studies of the pictures taken from the SF-37 Viggen over the Baltic Sea and in the Kattegat. Those pictures are timed and plotted precisely, and this facilitates identification. The JAS-39 Gripen will use even better systems."

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CSO: 3650/261

LABOR PARTY PAPER APPLAUDS DECISION TO IMPROVE TIES WITH OPEC

Oslo ARBEIDERBLADET in Norwegian 4 Jul 86 p 4

[Editorial: "OPEC and Us"]

[Text] The Willoch government administered Norway's Golden Age of Oil. The golden year of 1985, with oil income to the state of about 50 billion kroner, will not return in the foreseeable future. The high income was due to a combination of high oil prices and an extremely high dollar rate of exchange.

The reality for the government of Gro Harlem Brundtland is that its income will be short about 70-80 percent of what Willoch had the use of.

Naturally the former Norwegian Government was not responsible for either the dollar exchange rate or the price policies of the OPEC countries. But it was responsible for Norwegian foreign policy, including Norway's relations with OPEC. Today we can be sure that our relations with OPEC were drastically weakened under the Willoch government. This part of Norwegian foreign policy caused a catastrophic occurrence during the visit of Oil Minister Kare Kristiansen to Saudi Arabia in the spring of 1985.

To the surprise of his colleagues and surely to that of the Saudis, Kristiansen stated that Norwegian oil production would not increase during the following years. This statement was in direct conflict with existing plans, as the Saudis well knew, since they carefully follow developments in the oil market. One can only imagine the Saudis' reaction at hearing the Norwegian oil minister in Saudi Arabia making an official statement in such conflict with reality.

Politics at this level is a cynical game in which all participants protect their own interests. That is accepted. But the acceptance does not extend to giving obviously incorrect information in bilateral conversations. Then the conversations lose a meaningful basis. It was still worse, from a Norwegian standpoint, that in addition to being untrue the statement was against Norwegian interests. The previous government's attitude was that Norway does not need good relations with OPEC countries. It is more important to have good relations with countries in the IEA [International Energy Agency].

Last fall OPEC struck back and gave up the defense of high oil prices. Instead their goal became market shares for OPEC producers, led by Saudi Arabia, which increased its oil production. We all know the result, which was the price drop last spring.

But even in this situation the Willoch government did not believe that Norway needed good relations with OPEC. OPEC's feelers about reduction of production were not the object of conversations, discussions or diplomacy. They were constantly rejected.

The government of Gro Harlem Brundtland has changed this policy. Now the Norwegian prime minister and oil minister converse with OPEC on a new basis. Norway has something to contribute in a situation where there is uncertainty in the regulation of production in relation to the demand on the market. Norway can eventually consider an independent decision to level out the planned growth of Norwegian oil production in coming years.

It is easy to see that this creates another basis for dialogue than the previous government's position of rejection. Norway is served by an oil price at a higher level than today's. It is clear to us that the Norwegian government should try to take care of this interest on a more constructive basis than that of a free ride.

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